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# Latin America Report



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## LATIN AMERICA REPORT

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INTER-AMERICAN AFFAIRS

ANDEAN PACT NATIONS DISCUSS NEW MODEL FOR INTEGRATION

Lima EL COMERCIO in Spanish 8 Dec 85 p F-1

[Article by J.Z.S.]

[Text] On a modern university campus with futuristic lines, located on the lower slopes of one of the hills surrounding Bogota, the Monserrate, a number of experts, protagonists and former protagonists in the process, economists and journalists met last week, at the behest of various institutions, to witness the birth of the new integration model.

The subject of discussion was Andean integration and communication. The questions pertained to how the frame of integration can be kept alive, what communicators and journalists in the Andean Pact should do in this connection, and what the role of businessmen, workers and politicians is, among other things.

The conclusion resulting from the statements and discussions was obvious. The subregional process is stronger than ever, nurtured by the paradoxes developing along the way, and this is the time for pragmatism and readaptation (reinsertion, the experts call it) in the world economy, as a result of the spectacular changes in technology.

More than 50 guests spoke during the 5 days of long and exhaustive debate, made more comfortable by the commodious facilities and comfortable seats in the auditorium of the Colombia Day University.

The gathering was organized by the Friedrich Ebert Foundation of the FRG, the European Community and the CIESPAL [International Center for Advanced Journalism Studies for Latin America], and was cosponsored by the Latin American Data-Processing Center of the Presidency of the Republic of Colombia, the Institute of Higher Development Studies at the Colombian Ministry of Foreign Affairs, the Regional Third World Studies Center, and the university mentioned.

The participants included Jaime Salazar Montoya, presently a member of the Cartagena Agreement Council; former coordinator Edgar Moncayo; the president of the Andean Business Council, Gonzalo Garland Iturralde; former ministers Jorge Valencia Jaramillo and Juan Pereira Florillc; experts, such as Ignacio

Basombrio Zender and Gustavo Florez; skilled technicians such as Guillermo Maldonado of the ECLA [Economic Commission for Latin America] and Martin Arocena, of the Latin American Integration Institute; and journalists and economists from the region and the European Community, including Franco Teuchi, Alicia Puyana, Olivia Mora, etc.

Discussion was encouraged by Dr Peter Schenkel, of the EBERT, who presented a polemic and provocative work on the technological revolution, providing many of those participating with a real "cold water bath."

#### The International Horizon

With a view to making a better assessment of the situation, an understanding of the short- and medium-range view of the international economy and how it affects us in the field of integration was desirable.

Guillermo Maldonado, of the foreign trade division of the ECLA, painted an alarming picture.

"The changes, shifts, instability and uncertainty in the international trade system, as well as in finance and monetary matters, reflect the profound crisis in the international system created following World War II, while no new order has taken shape. Instead we have a period of transition toward it, characterized precisely by the obsolescence of the multilateral regulations of the GATT [General Agreement on Tariffs and Trade] in the commercial sector, like those of the IMF [International Monetary Fund] where financing is concerned, in terms of the realities of the present and the prospects for the future.

"A profound structural change can be seen in the economies of the industrialized countries, with their shift toward the service sector, high technology and the globalization of the world economy, erroneously called interdependence, since in reality it represents greater dependence for the developing countries, with greater need for the activities promoting new development in the industrialized countries."

What can be done in view of this?

Maldonado recommended that regional cooperation and integration be deepened, and he suggested that a commitment be made to recovery of the levels of trade among our countries at least to the level we enjoyed in 1981.

"What tools should be used? All of those available to us. "Compensated trade, barter, obtaining fresh resources, the mutual payment and credit mechanism we organized and which the Central Reserve Bank of Peru 'monitors'.

"We have in addition to find a way to join together two processes which to date we have developed in isolated and unconnected fashion--regional cooperation and integration.

"If we link them together in organized fashion they could each enrich the other, and we would have rather better prospects."

## Negotiation Capacity

"Finally, we must seek to organize and exercise the capacity to negotiate in an international context...in order to safeguard the interests of Latin America in this whole process of integration we are experiencing.... How, for example, can we combat the protectionism of the industrialized countries? Only if Latin America learns to use its purchasing power can the industrialized countries be made to understand that a market of 300 million persons is important in terms of their exports.... Only thus can we move from a position of mere demands and begin to negotiate on much more equitable terms, and with some degree of balance.... If these two lines of policy are not utilized with skill and political decision, the prospects for the region will involve considerable difficulties."

## Recommendations of Salazar

The acting coordinator of the Cartagena Accord Council, Jaime Salazar Montoya, took up the question of the change in the integration process resulting from the development of the international economy.

"The world economic crisis and the new concepts of development, as well as other realities experienced by all countries and the recent international readjustment, have made clear certain aspects of the process which need to be changed and updated, such as to adapt them to the current needs.

"We are proposing a draft protocol amending the Cartagena Agreement such as to create a new model of integration with the participation of all social sectors, since we are convinced that without the participation of the businessmen, the workers, the professional unions, the universities and the decisive mass media sector in particular, integration cannot be established within this encouraging proposal which is needed if we are to emerge from the current situation of underdevelopment.

"This proposal calls in addition for the establishment of certain periods of time needed for its development, new functional methods for some basic mechanisms, the incorporation of economic and social cooperation activities, the introduction of more flexible methods of industrial program. Specifically, we must through the joint action of the five countries, achieve a better involvement in the international economy. Finally, it calls for a system of market organization as a special measure, and an approach involving gradual progress toward making our economic policies harmonious."

Salazar was very clear. "The crisis we are experiencing demands a complex of emergency measures which will help to dealing with the worst effects of the economic recession, and in this connection, the benefits provided by integration will provide compensation.... However, we must not lose sight of the need to proceed with the establishment of the foundations for profiting from the recovery of the world economy, when this comes about, to the maximum.... Each separate country today faces a difficult but unavoidable challenge, with the need to redirect the process of economic and social development boldly in order to reincorporate it in the world of the future."

Salazar concluded that, for the Andean Group, "it is a question of creating a new complex with its own political economic and social characteristics.... It is clear that if individual relations with the world market is chosen as the alternative, relying on the strategy and solidarity of the rich countries, Andean integration will have little to offer.... If on the other hand we decide to choose the path of dynamic development from within, making use of our human potential to make the best use of our resources, to apply the new technologies boldly and intelligently, and to see to the basic needs of the people efficiently, then indeed integration has much to offer.... We must acquire or develop sufficient capacity to be able to act independently politically and economically, to negotiate better with third parties and even to provide better safeguards for the survival of the national states."

#### Participation by Businessmen

Gonzalo Garland, head of the Peruvian Exporters Association and the new president of the Andean Business Council, spoke at the gathering on behalf of Andean businessmen.

"We have indicated our concern about the slowness of the process and we have recommended that the countries undertake joint action where the export of our products, whether traditional or not, is concerned, with priority for those with the greatest added value.... We have had common problems with the developed countries, such as compensatory duties on various products, and yet at no time have we been able to act jointly.... We must undertake a study of the new U.S. trade law, so let us proceed with a united spirit where our negotiating capacity is concerned....

"We believe that the business sector should play a more active role in the process of integration, depending less on our government."

Garland made a fervent appeal for unity, saying that "each time that we meet, we refer back to the origins of our independence and the unity we had.... But we have acted in different ways.... We have not even heeded the advice of our liberators.... It is not a problem then of imperialism, but of our lack of unity, the lack of decision, the lack of concrete achievements, and this is what we must achieve."

The euphoria which followed this meeting led us to exclaim, in the words of the Italian Franco Teuchi: "To unity, Andean compatriots."

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INTER-AMERICAN AFFAIRS

GUATEMALA, OTHERS DENY BELIZE OAS MEMBERSHIP

Guatemala City PRENSA LIBRE in Spanish 13 Dec 85 p 6

[Text] Guatemala's firm stand and the support of friendly countries prevented Belize and Guyana from becoming members of the OAS at the special assembly in Cartagena de Indias, Colombia, Foreign Relations Minister Fernando Andrade Diaz-Duran stated.

The minister indicated that "it is not true that the Guatemalan delegation approved striking Article 8, which prevents both Belize and Guyana from becoming members, from the OAS Charter."

He stated that the Caribbean communities made a motion through the Costa Rican delegation to amend the charter, but Guatemala and Venezuela, working together closely, appealed to friendly countries such as Peru, Brazil and Uruguay, and got the debate postponed for 5 years.

Foreign Minister Andrade emphasized that the Caribbean communities sought the reforms so that Belize and Guyana could immediately join the OAS.

In its official address and during the debate Guatemala clearly voiced its position of "not recognizing Belize as an independent state and of not recognizing its land or sea borders" until a solution that takes into account the interests of the parties involved is found."

The issue will not be discussed for another 5 years. The minister recalled that at times amendments that are approved take a long time to be ratified.

He cited the so-called "Pact of Colombia," which after 20 years has neither been ratified nor implemented.

"This government is quite pleased with the efforts regarding Belize. We have always maintained our firm stand of not recognizing it as an independent state. The new government will now carry on the effort.

"The constitution of the republic, which takes effect this January, leaves open the possibility of a definitive solution, but any decision will be put to a referendum.

"For the time being," he concluded, "our efforts have been successful, especially in the OAS, inasmuch as Belize cannot seek membership there for another 5 years."

ARGENTINA

## NEW GOVERNMENT POLICIES ANALYZED

Buenos Aires SOMOS in Spanish 4 Dec 85 pp 4-10

[Article by Hernan Pereyra: "Where Is Alfonsin Headed?"]

[Text] A new strategy has appeared in the wake of the speech in the Parque Norte: relations with the United States, the Austral Plan, political pacts and changes in the administration are the main points on the agenda at the Casa Rosada.

When President Raul Alfonsin finished reading the 88 pages of his speech to the plenary meeting of the UCR [Radical Civic Union] national committee at 1100 hours on 1 December, the curtain had been lifted on one of the enigmas that had most baffled political leaders and observers over the past 2 years: the ruling party had just spelled out its domestic strategy.

"If the call (for a democratic and a social pact) is heeded, it must lead to common ground among political forces and to understandings among social organizations. Fundamentally, it entails a proposal for specific economic, political, social, educational and institutional reforms," the president stated.

The call, which includes the UCR's willingness to take in members of other political groups, will go out soon. Changes are on the horizon:

--For the present, there will be new faces in the administration, though not at the ministerial level;

--The sphere of influence of Juan Sourrouille's team will expand;

--The CGT [General Confederation of Labor] and business will be asked to hammer out a social pact that will serve as a framework for a sectoral understanding;

--There will be major new developments in the UCR's nominating caucuses [la interna];

--Political parties will be called on to establish a democratic pact like the ones in Spain or Venezuela.

## Behind the Scenes

Raul Alfonsin's speech spelled out the administration's and the ruling party's strategy for the times ahead. Economic policy (the Austral Plan) and foreign policy (a rapprochement with the United States) had been charted earlier. In this speech those policies were complemented with a strategy for the domestic front.

In his long and even somewhat boring speech the president basically addressed the need to hammer out two major national accords: a democratic pact like "La Moncloa" in Spain or "Punto Fijo" in Venezuela, and a social pact to prevent sectoral explosions and provide a framework for a series of understandings in individual sectors.

The number one priority is to modernize the country, but as part of a major effort at solidarity and while leaving behind the sectoral struggles with authoritarian overtones that characterized the past. There is a long history behind the strategy spelled out in the president's speech, and it obviously heralds several moves by the administration and by the Radical Civic Union as a party.

The backdrop to the speech began emerging about 2 months ago when the president appointed a four-member commission and put spokesman Jose Ignacio Lopez in charge of it. None of the four are prominent in politics or in the public eye; it was learned only that one belongs to Juan Sourrouille's team; another is a journalist and a third is reportedly a political analyst.

The commission held lengthy meetings with Alfonsin, who ferreted out its members' political ideas. Several leading party officials, such as Edison Otero, Cesar Jaroslavsky, Juan Carlos Pugliese, Enrique Nosiglia, Juan Manuel Casella and Leopoldo Moreau, also filed past the commission.

Each leader put forth his views on specific issues that the president had wanted discussed. The commission completed its work some 10 days ago when it handed in all of its drafts to the president, who synthesized them on his own.

He chose to deliver his speech at the plenary meeting of the UCR national committee, at which the new party officers, headed by Edison Otero and Alfonsin himself, assumed their posts. The president felt that he should avail himself of the party organization to carry the new strategy forward and that it should have growing influence within the administration.

But Alfonsin's speech to the "new party," which he called open, was an elliptical appeal to abandon certain Radical attitudes. The new party is seen as part of the historic movement that will give Argentina "100 years of democracy" and that will expand its ranks with socialists, Christian Democrats, Liberals and Peronists.

Alfonsin said as much towards the close of his address when he referred to these parties as the ones that will enrich the new open Radicalism. These words brought one of the biggest smiles in memory to the face of Juan Carlos

Pugliese, because it represents no less than the triumph of the longstanding Balbin philosophy in contrast to the doctrinaire approach of the Coordinating Board.

The younger members of the Coordinating Board (Marcelo Stubrin, Luis Caceres, Enrique Nosiglia, Federico Storani, among others) had been arguing that the "third historic movement" needed to be established around the Radical Party alone. The longstanding members of the Balbin faction, led by Pugliese, stressed the need for a "synthesis capable of mobilizing activists who have been involved in all of the country's historical experiments, of which Radicalism is but one."

But this was not the only tenet of the Balbin faction that triumphed on this occasion. The proposal to hammer out a democratic pact had already led to bitter internal debate among Radicals in 1983, but it was turned down. Reluctantly and almost to avoid snubbing them, Alfonsin then signed the famous Democratic Charter that the Christian Democrats were pushing and in the drafting of which Jose Ignacio Lopez was involved.

The idea of a social pact goes hand in hand with the democratic pact. A social accord would provide the framework for future understandings in individual sectors. This is why many Radicals are recommending that Alfonsin's meeting with Saul Ubaldini be watched carefully. "Those who look only at the surface of that meeting are making a mistake," men close to the president proclaim. The idea floating around in the heads of the Radical leaders who filled Parque Norte was that the two men were going to discuss not only immediate grievances of the labor movement but something much more important as well.

In the wake of the speech, the next moves that the administration makes are significant. A man in Alfonsin's inner circle of advisers said that "the changes in the administration will come right away," though he did not specify dates. There will be no changes among the ministers, but there will be among secretaries, undersecretaries, and executives in several state-run enterprises, especially the enterprises that failed to observe the guidelines of the Austral Plan.

The influence of Juan Sourrouille's team will also be expanded, as it will be assigned several major economic posts that are now held by party figures. An attempt will be made "to lend coherence" to the overall economic team, and to this end there will "touch-ups" at the Central Bank, though its highest authorities will not be affected.

Once these changes are in place, once the social pact has been proposed (perhaps over Ubaldini's opposition) and once the forces have been realigned for the party's nominating caucuses, the call for the democratic pact will be issued, as part of a political agenda that could lead in 1986 to a concerted call for a reform of the constitution.

The democratic pact will call for a commitment to reduce the budget deficit, pay back the foreign debt, boost real wages, promote reform in education and

health care, agree on a health insurance law under which social benefits will be allocated, and define a model for the Armed Forces, and it will also address the country's main problems and spell out answers to them.

The social pact will draw the line on sector feuding so that understandings can be reached one by one in each of them. What the Radicals are proposing are guidelines such as no price increases, priority for export businesses, boosting wages in a noninflationary manner, and a commitment not to increase utility rates faster than the rise in the cost of living.

This is quite an agenda, though the Peronists are complaining that all of this should have been done in 1983, the Intransigents contend that these are just good intentions, and the Liberals assert that it is fireworks to divert attention from internal strife.

Whether the criticisms are valid or not, the 2-year old administration is putting forward a comprehensive agenda: It has spelled out an economic program with its Austral Plan; it has decided on a foreign policy that calls for closer relations with Washington, and it is now proposing domestic pacts and alliances in a bid to stabilize our democracy.

#### What Is at Stake in the Party

In contrast, the party will take action on the political accord. Edison Otero has clear-cut instructions to issue the appeal from the Radical national committee, but only after taking care of certain matters connected with the nominating caucuses.

The agenda for the party will be revealed on Saturday the 7th when the assembly of Renewal and Change of Buenos Aires meets in San Miguel. The major surprise is that the Coordinating Board will be excluded from the UCR's largest movement.

"The mask of Fernando VII will no longer be of any use to them," a veteran Radical leader told SOMOS. He was alluding to the approach that the Coordinating Board takes as a faction within a faction "claiming the administration's successes as its own but never its mistakes."

The Buenos Aires Coordinating Board, led by Federico Storani, recently elected its own officers and established its own bylaws, and the longstanding members of Renewal and Change interpreted these moves as a virtual declaration of hostilities. To better understand what the exclusion of the Coordinating Board from Renewal and Change will mean, suffice it to say that the latter is headed by Edison Otero and counts Juan Manuel Casella and Leopoldo Moreau among its members.

The plenary meeting of Renewal and Change will call on all of the party's factions without exception to join the majority faction "as a sort of amnesty for all," a Buenos Aires leader explained. Naturally, leaving the Coordinating Board out in the cold and calling on everyone to join permits only one political interpretation.

The interpretation, the Radicals say, is based on the fact that the factions as they used to be known no longer exist. From now on there will be an "orthodox" Alfonsin faction; the rest will be "heterodox." The obvious aim is to keep Storani and Caceres, the two biggest rebels in the youth faction, out of the orthodox group and to bring the metropolitan Coordinating Board, led by Enrique Nosiglia and Marcelo Stubrin, inside it.

It will not be an easy task. Caceres demonstrated at Parque Norte that so far he is winning his battle with Nosiglia. Not only did he get Anibal Reinaldo elected as the party's third deputy chairman (in open opposition to Eduardo Grosso, deputy governor Eduardo Angeloz' candidate) but he also carried the entire Coordinating Board along with him.

Alfonsin had "decreed" that the officers of the new national committee would be headed by himself as ex officio chairman, Edison Otero as alternate chairman and Cesar Jaroslavsky and Ricardo Barrios Arrechea as first and second deputy chairmen respectively.

The order from Olivos said nothing about the role that was to be assigned to the Cordoba Line, led by Angeloz, nor about who should be third deputy chairman. This post was created in 1983 to satisfy the aspirations of a then disheveled young man from Santa Fe who had decided to do battle with the party's new president, who was seeking the presidency of the nation: Raul Alfonsin. Caceres turned down the appointment, however, preferring to be the first among the secretaries. Alfonsin then offered the post to Felipe Llaver, a member of Renewal and Change who was speaking out against certain contacts and flirtings with Peronism. Llaver accepted, but Antonio Troccoli immediately came out and said that he would never accept a post "below Caceres." Llaver thus resigned the third deputy chairmanship, which was left for the current interior minister.

Llaver wanted the post. His argument was simple: why should Barrios Arrechea be elected second deputy chairman and he just secretary when both had gotten 51 percent of the vote in their provinces. Hipolito Solari Yrigoyen, the delegate from Chubut, had gotten the Patagonian provinces' support in his bid for the post as well.

Angeloz' reasoning was that since the Cordoba Line had been an ally of Renewal and Change since 1972 (in opposition to the Balbin faction) and had thus made it to the vice presidency of the nation and to the post of party deputy chairman as well in 1983, it ought to retain a post in the party's upper echelon.

At 1600 hours on Saturday Caceres repaired to a bar next to the assembly hall and muttered to his closest followers: "We've got a majority of the votes. Go and tell the provinces that Reinaldo is third deputy chairman unless an order to the contrary comes from Olivos."

Solari Yrigoyen withdrew his candidacy after some initial sparring but assured himself a secretariat. Llaver was too isolated, and the battle boiled down to Santa Fe and Cordoba. Around 2000 hours Caceres asked for a meeting among

Coordinating Board leaders. Caceres, Nosiglia, Carlos Becerra, Ruben Chebaia from Tucuman, Oscar Quezada from Neuquen, Marcelo Stubrin, Jesus Rodriguez, Facundo Suarez Lastra, Federico Storani and other leaders of the faction stood amid the cars in the Parque Norte parking lot and talked things over. "Guys, we're Peronizing the nominating caucus," a leader from the capital said, explaining that "we shouldn't go to a vote for a worthless post. We already have six posts, and from there we can move ahead calmly." Caceres, in contrast, kept arguing that they had to make use of their majority "to end the reign of the old boys."

Caceres won out, and Federico Storani, Marcelo Stubrin and the Santa Fe leader went off to "confess" to Otero, Jaroslavsky and Barrios Arrechea in a corner table of a spacious restaurant alongside the assembly room. The delegations from all of the provinces had filed past that table, explaining their views and what they wanted within the new leadership.

Cordoba's reply came from Grosso: "We're not going to let up. Let it go to a vote, a yea-and-nay vote," which was a way of applying pressure to gauge where loyalties lay. The give-and-take that began at noon on Saturday ended at 0330 hours Sunday morning. By the time that President Alfonsin began speaking at 0900 on Sunday, the faces of the Radical leaders bore the unmistakable signs of the previous day's labors. Entre Rios Governor Sergio Montiel had not shaven; Caceres and Storani arrived late, looking as though they had just gotten out of bed.

Caceres' triumph must be gauged from two angles: He won the Coordinating Board's caucus over Nosiglia, who wanted to compromise, and he cast doubts on Angeloz' future presidential chances. "But there is no reason to jump the gun on this latter point," said someone in the know about the way that the UCR operates. Since Renewal and Change plans to take its call from Buenos Aires to the entire nation, Angeloz would reportedly be one of the people in its sights. Having him lose to Caceres was a way of telling him that his future in the party without Renewaland Change is not going to be easy.

In the meantime, Juan Carlos Pugliese and the leaders of National Line were informed of Renewal and Change's call, but Caceres and Luis Leon were not.

The people from Cordoba and Llaver were annoyed as they left the national committee plenum; Llaver refused a post as secretary but did put someone from his province in the position. The representatives of the provinces that were left unrepresented on the new slate of officers also complained bitterly. It so happens that these are the provinces in which internal rifts are irreconcilable: San Luis, Corrientes, La Rioja, Formosa and Tierra del Fuego.

The Coordinating Board also questioned the idea of having Luis Leon's Yrigoyen Affirmation Movement and Pugliese's National Integration Movement represented among the officers. On advice from Alfonsin, Otero forced the stubborn youngsters to give in.

The president's proposal is an invitation to open up the party of Yrigoyen and Alem (Will it be Alfonsin's party too if his strategy is successful?) to

Socialists, Christian Democrats, Liberals and Peronists. One could see that something had changed in the UCR if one recalled the previous plenary session of the national committee in 1983. The over-50 group predominated, and the style of Ricardo Balbin was still alive. This time one had to look hard for the older generation (Otero, Pugliese and Loborio Pupillo were almost the only ones), and those barely 30 years of age were predominant. "This is the party that Raul Borras wanted. What a shame that he didn't live to see it," Alfonsin reportedly said almost with tears in his eyes.

#### A New Verb: To Peronize

One of the main concerns of Radical leaders (in Renewal and Change and the Coordinating Board alike) was "to prevent the (party) caucus from becoming Peronized."

Apparently, President Raul Alfonsin indicated this shared concern at Olivos to a well-known group of party leaders from several factions, who then spread the idea around. It was as a result of this effort to prevent a Peronization that several districts were left unrepresented among the new officers on the national committee.

The provinces in which the internal feuding has been the most severe, such as Corrientes, La Rioja, San Luis, Formosa and Tierra del Fuego, were virtually penalized: their representatives will not be among the new officers. For example, it was said that there were no party authorities in Corrientes and that the courts will decide who won at the most recent caucuses. Similar developments are taking place in the other districts.

The Radical leaders' idea is to reduce the "voltage" at the caucuses and pare them back to a size in which only the pros can take part. In his talk at Olivos Alfonsin told them that the caucuses ought to be once again what they used to be: a suitable opportunity for leaders to discuss and solve problems without much hue and cry. Since the president is not willing to let go of the party's helm, perhaps the next caucuses will be less virulent on the surface.

#### For the Time Being, a Draw

The start of the new session of Congress does not bode well for an auspicious relationship between the Radicals and Peronists. The main opposition party will chair six committees instead of seven and will no longer hold the deputy chairmanship of Budget and Finance. The controversial Diego Guelar remains, in theory, on the sidelines. The Peronist Party, moreover, retains six chairmanships, but not of the importance of Commerce and Housing. These two committees are now in the hands of two longstanding members of Renewal and Change, as this faction, spurred on by Leopoldo Moreau, struggles to gain ground inside the party, preferably at the cost of the Coordinating Board.

The Radicals reached an agreement to diminish Peronism's power, since it dropped from 111 to 103 seats, but they found it hard to establish common ground on the apportionment of posts in the party bloc and in the legislative

committees. The offensive against the Coordinating Board was not successful, as Luis "Changui" Caceres defended his turf tooth and nail and managed to "castle his king." Roberto Sammartino, who is from the same province, handed over the chairmanship of the Labor Legislation Committee to Ricardo Terrile, from the JCN, while Terrile's former post as secretary of the General Legislation Committee went to Carlos Spina. Santa Fe still had them all. It took some doing, but Moreau finally got to be first vice president of the party legislative bloc, which rests on a solid alliance between longstanding members of the Alfonsin faction and the Balbin faction. The Coordinating Board also took the chairmanship of the Science and Technology Committee but failed to displace Guillermo Tello Rosas from the Energy Committee. The Radical bloc's caucus left some scars, though. Florentina Gomez Miranda from Buenos Aires tried unsuccessfully to fight the top echelon's decision to compensate the Peronists with the Family and Minors Committee. Perhaps River Plate legislators are the most worried: Boca boss Carlos Bello, who to many is a "black monk" of the blue and gold fans, will chair the Sports Committee.

8743

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ARGENTINA

CASELLA RUNNING FOR GOVERNOR OF BUENOS AIRES

Buenos Aires SOMOS in Spanish 11 Dec 85 pp 16-17

[Article by Hernan Pereyra]

[Text] "We want Casella, we want Casella," was the tireless chant heard at the San Miguel Club on Saturday the 7th, providing a noisy backdrop to the meeting of the traditional [historico] faction of Renewal and Change in Buenos Aires Province, a faction headed by Leopoldo Moreau and Juan Manuel Casella. Described as a "gathering of friends," the meeting actually served a dual purpose: to oust the Coordinating Board from Renewal and Change and to confirm Casella's candidacy for provincial governor in 1987.

The decision to hold the meeting had been known of for at least a month, and it was also known that the members of the traditional faction (who now want to drop that label and to be known just as Renewal and Change) were going to leave Federico Storani's provincial Coordinating Board out in the cold. Their argument was that since the board had held its own provincial plenum in City Bell 2 weeks before, elected its own officers and enacted its own bylaws, it had formally established itself as a separate party faction.

Storani and his followers tried last week to head off the divorce, made a big fuss and cited the call for unity that President Alfonsin made in his speech at Parque Norte. They did achieve something: the chairman of the National Committee, Edison Otero, who is also the president of Renewal and Change, decided not to attend the San Miguel meeting, and the National Integration Movement, which is led by Juan Carlos Pugliese, publicly cautioned that roiling the party caucuses right now was not a good idea. This was a diplomatic way of saying that they were not going to take advantage of the Coordinating Board's ouster to join Renewal and Change.

But neither the description of the meeting as informal nor Otero's calculated absence was able to detract from the importance of the traditional faction's get-together, nor did it soften their determination "to put an end to this farce of them (the Coordinating Board) being a faction within a faction. If they elected their own authorities and drafted their own bylaws, let them remove their mask and act like an independent faction," said one of the party's best-known leaders on Saturday.

One national senator, Adolfo Gass, about 30 provincial legislators, some 20 national representatives from the province, more than 30 mayors, and close to 60 committee chairmen were there to reaffirm the traditional faction as the largest in the Buenos Aires. As if all this were not enough, Governor Alejandro Armendariz issued a public statement supporting Casella's candidacy.

Armendariz is, of course, trying to gain ground in the troubled waters of the UCR [Radical Civic Union] in the province. His aims are to have his government minister, Juan Portessi, run for deputy governor and to run himself for chairman of the provincial committee in 1987. As far as the latter goal is concerned, he will be clashing with Casella and Moreau. The fact is that the candidates are many and the posts few.

The next step will be the party's provincial convention (probably on Saturday the 14th), which the Coordinating Board will now have to attend as an independent faction given its former colleagues' refusal to recognize it as part of Renewal and Change. The convention is supposed to assess the results of the 3 November elections and will perhaps be the place where Casella kicks off his campaign for governor.

The San Miguel gathering issued a document urging the other factions to work together. To prevent misinterpretations, it named names: National Line, National Integration Movement and the Coordinating Board.

Speaking from the rostrum, Moreau responded to recent assertions by Storani, though he did not mention either him or the Coordinating Board by name. Casella, in contrast, as a future candidate and as chairman of the provincial committee, chose to echo Alfonsin's speech at Parque Norte and to explain the party's future tasks in the province, without referring explicitly to the internal strife.

Among the future ramifications of the San Miguel meeting, special attention should be paid to the evolution of the alliance between Moreau and Casella, on the one hand, and the Coordinating Board in the Federal Capital, led by Enrique Nosiglia and Marcelo Stubrin, on the other. This alliance gave the former leaders virtual nationwide control of the party, above all owing to the paralysis of the National Committee chaired by Victor Martinez.

The maneuver by Casella and Moreau is also designed to exploit the Coordinating Board's internal climate on the national level. Nosiglia has major disagreements with Storani and Luis Caceres. Moreover, both Nosiglia and Stubrin, along with Moreau and Casella, are among the leaders who see Alfonsin often. Caceres is not. The ultimate goal is to have a party with only two factions: the Alfonsin faction and the heterodox faction. And they would like to isolate Caceres and Storani in the latter.

Within the Alfonsin faction the traditionalists obviously want to weaken the Cordoba Line, Pugliese's National Integration Movement, National Line, National Cause from Mendoza and other factions from the provinces. Among the rebels Luis Leon remains. In light of all this, many are wondering what Raul

Alfonsin thinks. Will he denounce the rebels and support Casella and Moreau, or like Otero, will he stay out of the squabbles among his followers?

#### The Response

Federico Storani, the leader of the embattled faction, had no choice but to face the facts and said that the San Miguel meeting, to which he was not invited, had served to "untangle" [sincerar] the party's nominating caucuses. Nevertheless, he hastened to claim that he and the Coordinating Board represented the orthodox Alfonsin faction.

"The members of the Coordinating Board have been behind the president from the beginning," Storani roared, alluding to the criticisms that the traditionalists have been voicing to the effect that the youth sector supports the administration's successes but distances itself from and takes advantage of its mistakes. The head of the Coordinating Board left the door open, however, to a future understanding, indicating that "it remains to be seen whether they will build the bridges for an understanding within the party."

Storani has been in charge of the Coordinating Board in Buenos Aires since the plenary session in City Bell 2 weeks ago. The meeting demonstrated that there was harsh internal criticism of the role that the group's top man was playing and that Luis Caceres had extended his influence from Santa Fe to several spots in the country's largest province. The Coordinating Board's problems were solved at City Bell, but the traditionalists played a dirty trick on it.

8743

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ARGENTINA

## INVESTMENT PLAN FOR 1986-1990

Buenos Aires SOMOS in Spanish 4 Dec 85 pp 38-40

[Article by Andres R. Alcaraz; passages enclosed in slantlines printed in boldface]

[Text] The /Grinspun Plan/ is still on course. In the next few days the government will have to give the thumbs-up or the thumbs-down to the internal discussion draft on the 1986-1990 investment program that was prepared by the current secretary of planning. SOMOS has obtained an exclusive copy of that draft, which it is revealing here.

Within the overall framework of the National Development Plan, one of the chapters (which took up 136 pages) of the draft is devoted to the National Public Investment Program. It begins with the statement that /"public investment has grown relatively more than any other variable in recent years, in an economy characterized by stagnation and regression,"/ which led to /"a larger share of public spending and became a factor of significant additional indebtedness. This process resulted in a huge budget imbalance, and given the lack of sources of genuine financing, the government was forced to print more money."/

The objectives for public investment are summed up in four points:

--Consolidate the economic and social infrastructure in order to achieve steady growth, a process in which /the private sector is to play an active role./

--Strengthen the state in all its basic functions, /abandoning complementary functions that slow down and impede the development of a modern, streamlined, efficient state./

--Correct regional imbalances, strengthening federalism, in order to strengthen the democratic structure.

--Improve the general well-being of the public by increasing private and public productivity steadily--the only appropriate way to bring about that improvement.

The plan directed by Bernardo Grinspun states that /"the lack of sufficient investment is a restriction that should initially be overcome through international capital infusions and the alleviation of external obligations; but the underlying cause of Argentina's slump would remain untouched if the problems of investment productivity are not also addressed. The transfer of larger amounts from private investment to public investment actually resulted--because of the productivity differential--in a decline in the economic growth potential of both sectors."/ The study reaches the conclusion that there is /"an urgent need to restructure and modernize the functions of the state, while also making possible a growing participation by society through the privatization of growth."/

In this regard, the proposed actions are the following:

--/The state can be restructured/ through the division, partition and merger of units that produce goods and services. The priority objective is to /reduce the concentration of economic power in the hands of the state, in favor of more social control./

--The state must /decentralize/ to achieve greater efficiency and to strengthen federalism. The transfer of activities or functions to the provinces will enable the users to exercise greater control. In addition, /it will facilitate personnel cutbacks/ in cases of overlapping and redundancy.

--/Deregulation will arise as a consequence of the restructuring and privatization,/ in some cases, and in others, due to the /removal of certain bureaucratic regulations,/ as entities vested with police powers are eliminated. The essential goal is /to stimulate private participation in a competitive environment./

--/Privatization, along with the other actions, will improve the overall efficiency of the public sector by limiting the state's participation in activities that are not priority and do not serve social or promotional functions.

When investment in the public sectors considered crucial is broken down, the following initiatives and definitions emerge:

--Energy: It will undoubtedly play a /key role./ Overall investment in exploration over the next 5-year period can be estimated at an average of /\$200 million per year./ Of that amount, a high percentage may come from the private sector. To increase oil production, public and private activity put together could generate an investment of approximately /\$1 billion per year/ for the next few years. The private sector could invest /\$300 million per year/ just to exploit high-cost, marginal areas, for secondary recovery, and for the repair of wells. Plants will be required to prevent burn-off, and they will cost up to /\$70 million per year./ To use that gas in industry (for fertilizers, methanol, methane byproducts, etc.), possible investments total about /\$150 million per year./

--Transportation: The principal objective for the 1986-1990 period is to recover historic levels of investment, with a tendency, moreover, toward

restructuring. By the end of the 5-year period, therefore, it is expected to account for 23 percent of total public investment (\$4.413 billion). The investment program for the National Highway Office projects its resources to total /\$1.454 billion/ by 1990; 26 percent will be earmarked for the reconstruction of paved roads, 30 percent for paving dirt roads, 17 percent for expanding the capacity of existing roads, and 10 percent for laying gravel on dirt roads, while the rest corresponds to bridges, minor works, and emergencies. For Argentine Railways, investment is expected to total /\$2.256 million/ (70 percent of that amount represents purchases of hauling and towing material). The General Port Administration will receive a total of /\$242 million/ during the 5-year period: The port of Buenos Aires will account for 45 percent of the total, La Plata 18 percent, and the ports of Patagonia 10 percent. Another \$134 million will go to the Argentine Shipping Lines (ELMA), primarily for the construction of six multi-purpose vessels of 20,000 tons each. Argentine Airlines will be given \$616 million to install a testbed.

--Communications: 90 percent of the sector (8 percent of National Public Investment and 0.4 percent of the Gross Domestic Product) corresponds to the National Telecommunications Enterprise (ENTel), which intends to install 1 million phone lines over the 5-year period (Megatel Plan) at a cost of approximately /\$886 million./ As for efficiency, the state telephone enterprise proposes to improve its productivity index over the coming years from 22 employees for every 1,000 lines to 14 employees for that number of lines.

--Agriculture and Livestock: The country has major comparative advantages--especially in the Pampas region--which in recent years have been strengthened through technological advances that have boosted productivity growth, with the consequent possibility of expanding the amount of grains available for export. To achieve that objective, /it is necessary to increase the farmer's profitability, disseminate technology, and expand the agricultural frontier./ These goals are included in the National Agriculture and Livestock Program (PRONAGRO). Outlays for investment in the 1986-1990 period are earmarked specifically for the National Institute of Agricultural-Livestock Technology (INTA), the silo construction program, and PRONAGRO. Over \$174 million will be allocated to agriculture during the period in question.

--Industry and Mining: More than /\$1 billion over the 1986-1990 period/ is expected to be invested in this sector. For industry, public investment represents 0.4 percent of the GDP (\$150 million), which corresponds to companies, corporations and mixed ventures in the area of defense. The goals for mining, according to the Mining Expansion Plan that has been drawn up, are to boost production from \$60 million in 1985 to \$1.17 billion in the year 2000, to increase import substitution from \$33 million to \$468 million, and to expand exports from \$15 million to \$270 million, while employment will grow from 8,400 jobs to 30,760 jobs between 1985 and 1990.

**National Public Investment Projected for 1986-1990**  
 (In percentage of GDP = \$60 billion)

	1985	1986	1987	1988	1989	1990
Economic Sector (energy, transportation, communications, industry and mining, agriculture)	3.58	5.58	5.74	5.66	5.11	4.70
Social Sector (education, health, sanitation services, social welfare)	0.36	0.83	1.00	0.99	0.81	0.72
Others (defense and security, general administration)	0.28	0.52	0.57	0.56	0.53	0.51

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ARGENTINA

PROSPECTS RESULTING FROM NEW PETROLEUM POLICY DETAILED

Buenos Aires ENERGIA 2001 in Spanish No 41, Oct 85 pp 12-19

[Article by Dr Florencio P. Cuervo. Dr Cuervo holds a degree in chemistry from the UNBA [National University of Buenos Aires]. He also studied business administration both at that university and in Sao Paulo, Brazil. He is a consultant to petroleum companies. He has held management positions in private oil companies, and was an official of the State Department of Energy and Gas]

[Text] In this paper presented at the First Argentine Symposium on Petroleum Refining held in La Plata from 30 September to 4 October 1985, the author provides a detailed study of the prospects opening up to Argentina with the new petroleum policy the executive has planned. He notes that, although Argentina's refineries now have a 30 percent idle capacity, the nation has no idle capacity in conversion units. This means that for the short term, exporting crude will be the best (and virtually only) alternative open to Argentina. We must organize an export policy capable of making use of seasonal price variations and we must reach out to the markets of neighboring countries, where the incidence of shipping costs is less.

I Introduction

The petroleum policy the president of Argentina announced on 13 December 1984 in Comodoro Rivadavia, on the occasion of the Day of Petroleum, a policy which was approved some months later in Houston and in Buenos Aires, is designed to encourage the investments required for an increase in exploration and development of our country's oilfields.

Considering the large volume of financial resources required to attain the objectives of significantly increasing our reserves and the actual production of hydrocarbons, and given the serious financial limitations which now affect and will continue to hamper our country for many years to come, an attempt must be made to stimulate an influx of foreign financial resources.

If this policy is successfully carried out, we may expect that toward the end of the present decade there may be petroleum surpluses over and above the volumes required for the domestic market, and in the following decade, these surpluses may continue to grow.

From now on, all of our country's professionals engaged in mid or longterm planning of petroleum refining facilities must not overlook this factor.

Planners must give careful consideration to the development of factors that will determine the degree of compliance with this policy. They must keep informed about trends in the volumes of crude petroleum expected to be produced in the future, and their relation to the capacity used and the idle capacity of Argentina's refineries. They must watch developments in regulations governing hydrocarbon exports and exporters. They must also follow fluctuations in economic variables--both domestic and foreign--which have an impact on the profits of investments in distillation and conversion plants, whether these products are intended for the domestic or the international market.

Throughout this report, we will pay close attention to the following economic variables:

- a. the domestic prices of crude petroleum
- b. the present fuel "withholding" system, which controls the earnings of petroleum companies
- c. the export prices that could be earned for these fuels and for crude petroleum
- d. the taxes levied on crude and fuel exports

We will also analyze the relations between other variables of interest, such as:

- a. the relative values between distillates and fuel oil products withholdings, and also the international prices
- b. the relation for each product between the domestic withholding value and the export price

Once the variables which we have just mentioned and their interrelations have been quantified and analyzed, and knowing the costs of distillation and conversion plants, we will be ready to carry out feasibility studies indicating which types of processes will best pass the profitability tests.

Of course, we will be using two distinct types of economic analysis for each case: macroeconomic and business. The results of the macroeconomic analysis will show which is the optimum alternative for Argentina, among the following choices:

- a. exporting crude petroleum
- b. distilling crude and exporting distillates and fuel oil

- c. processing it by distillation and conversion and exporting the resulting products

In the business analysis, we will be able to determine if the domestic market or the export market is more suitable, and if distillation and/or conversion will be profitable.

It will be possible to evaluate the degree of coincidence between the best strategy for the nation and the best for a specific company. The greater that coincidence, the more easily national objectives can be met without coercive measures directed at business activities.

As a result of all these considerations and studies, we will be able to reach some interesting conclusions that will inform us about the course our national refining industry should follow.

## II Prices of Crude Petroleum and Its Byproducts

As an essential basis for any consideration of an economic nature, we need to review the prices of crude and its byproducts in both the local and international markets.

Chart no 1: Cost of Canadon Seco Crude (as of 25 June 1985)

Item	A/M <sup>3</sup> (1)	US \$/M <sup>3</sup>	US \$/T	US \$/barrel
FOB Caleta Olivia price	61.87	77.34	86.41	12.30
Caleta Olivia-Buenos Aires freight(2)	4.41	5.51	6.16	0.87
Cost and Freight	66.28	82.85	92.57	13.17
Unloading costs	1.50	1.87	2.09	0.30
Cost in refinery	67.78	84.72	94.66	13.47
Processing tax(3)	6.19	7.74	8.65	1.23
Total	73.97	92.46	103.31	14.70

1. Australes per cubic meter
2. YPF [Government Oil Deposits] price list
3. Equivalent to 10 percent of the FOB price

### 2.1. Domestic Market Prices

First we will consider the current prices in the Argentine market as of 30 June 1985. Both crude petroleum and fuels have an official price set by the ministry of public works and services.

### 2.1.1. Price of Crude

To simplify this report, we will consider "Canadon Seco" the average Argentine crude. Its specific weight is 0.895 and its FOB Caleta Olivia price is 61.87 A/M<sup>3</sup> (australes per cubic meter). As we see in Chart no 1, the total cost of crude in the refinery tank, including the processing tax, is 74 A/M<sup>3</sup>, which is equivalent to US \$14.70 per barrel.

Chart no 2: Industrial Withholding Values of Refined Products  
(as of 25 June 1985) (US \$1 = 0.80 Australes)

Product	Specific Weight (kg/lt)	Industrial Withholding Values			US \$/ton
		cts/lt	A/M <sup>3</sup>	A/Ton	
regular gasoline	0.73	9.950	99.50	136.30	170.38
premium gasoline	0.74	10.250	102.50	138.51	173.14
kerosene	0.80	10.095	100.95	126.19	157.74
gas oil	0.84	10.095	100.95	120.18	150.22
diesel oil	0.88	8.490	84.90	96.48	120.60
fuel oil	0.95	6.215 (x)		62.15	77.69
Price of GLP (liquid gas; LPG)				99.48	124.35

x per kilogram

### 2.1.2. Withholding Value of Refined Products

As we know, among all the products obtained from refining petroleum, a fuel tax is levied on the six major products (the two types of gasoline, kerosene, gas oil, diesel oil, and fuel oil). The amount of the tax for each one of them is the difference between the sale price and the total withholding value, called simply "withholding." This means that for the marketing companies, the withholding is the price or net earnings after taxes. The "industrial withholding" represents the refineries' price or earnings in the domestic market. The difference between the total withholding and the industrial withholding is called the "commercial withholding," designed to cover all marketing costs (including shipment and discounts given to service stations in the case of gasolines and gas oil), and to leave a reasonable margin or profit.

Chart no 2 gives the industrial withholding values for these six fuels, shown in centavos per liter or kilogram, in australies per cubic meter and ton, and the equivalent in dollars per ton, so that we can compare these figures with international prices. The price of GLP (liquid gas) is also

shown in bulk, as this will be needed for later calculations. This price was determined as the average weighted with the corresponding prices for propane and butane.

In this report we will not consider alcohol-based gasolines, for reasons of simplification, and also because both their volume and their withholding difference are not very significant in relation to the traditional gasolines.

Chart no 3: Relative Values of Industrial Withholdings (per ton)

NE/FO =	2.23	NE/NC =	1.02
GO/FO =	1.93	K/GO =	1.05
DO/FO =	1.55	NE/GO =	1.15
price of GLP/FO =	1.60	GO/DO =	1.25

#### Relative Values of Industrial Withholdings

Chart no 3 gives the relations between the industrial withholding values of the different fuels. On one side we have the relative values of the distillates and light fuels in relation to FO (fuel oil). For NE (premium gasoline), GO (gas oil), and DO (diesel oil), these values are 2.23, 1.93, and 1.55, respectively.

The relation between the price of GLP and the withholding value of FO is 1.60. These values are indices of the greater or lesser profitability of conversion processes.

Chart no 4: Value Added by Distillation and Conversion  
(domestic market prices; industrial withholding)

Product	Crude Yield (T)	Cost (US\$)	Distillation Yield (T)	Value (US\$)	Integrated Processing Yield (T)	Value (US\$)
Canadian						
Seco	1.00	103.31				
GLP			0.005	0.62	0.04	4.96
NC (regular gasoline)			0.135	22.95	0.15	25.56
NE (premium gasoline)					0.13	22.51
GO			0.25	37.56	0.25	37.56
DO					0.08	9.65
FO			0.58	45.06	0.28	21.75
Totales	1.00	103.31	0.97	106.19	0.93	121.99
Value added by distillation (US\$/ton of crude)					\$2.88	
Value added by conversion (US\$/ton of crude)						\$15.80

To the right of the chart (Chart 3), we show the relative values of the distillates among themselves. NE has a withholding 2 percent higher than NC (regular gasoline); K (kerosene) is 5 percent higher than GO, and NE is 15 percent higher than GO. Remember that all these relations are expressed by weight and not by volume.

#### 2.1.3. Value Added by Distillation and Conversion

If Canadon Seco crude undergoes primary distillation plus catalytic cracking of gasoline, we obtain a sum of products whose total will be somewhat less than 100 percent, as there is a shrinkage of about 3 percent, corresponding to the fuel consumed plus losses. The economic value of the sum of products obtained is the value of production at domestic market prices. This is somewhat higher than the cost of the crude. The difference is the VA (value added). Chart no 4 gives the corresponding values. The cost of crude, as we saw in Chart no 1, is US \$103.31 per ton and the value of the distillation products is US \$106.19. The VA by distillation is thus US \$2.88 per ton of crude.

If the crude is given integrated processing--distillation and then conversion processes applied to heavy products coming from distillation--the value of the production will increase as a result of the partial transformation of the heavy products to more valuable light products. For a refinery with catalytic cracking, the additional VA by conversion has been calculated at US \$15.80 per ton of crude.

### 2.2. Values in the International Market

Now that we have seen the local values of crude petroleum, the fuel withholdings and their relations, and the VA by the distillation and conversion processes, we will do the same with international values.

#### 2.2.1. Price of Crude

As was said in 2.1.1., we considered Canadon Seco as the average Argentine crude. We will now calculate the international theoretical value of this crude, FOB Caleta Olivia.

As may be seen in Chart no 5, the specific weight of Canadon Seco is barely higher than that of Arabe Pesado (Heavy Arabian), and its difference in API<sup>\*</sup> is -0.4. On the other hand, Canadon Seco has a sulfur content of only 0.2 percent, while Arabe Pesado has a 3.0 percent sulfur content. Taking Arabe Pesado as the basic price of Canadon Seco, and applying the differential values based on variations in API weight and sulfur content, the price of Canadon Seco would be US \$27.30 per barrel, equivalent to almost US \$192 per ton.

Chart no 5: International Theoretical Price of Canadon Seco Crude  
(FOB Caleta Olivia)

	Arabe Pesado	Canadon Seco
Specific weight 15/4 °C	0.893	0.895
API gravity index	26.8	26.4
Percentage of sulfur by weight	3.0	0.2
Basic price (US \$/barrel)	26.50	26.50
Gravity differential (US \$9.5/API*)		(0.04)
Sulfur differential (US \$0.1%/S)		0.84
Adjusted price (US\$/barrel)	26.50	27.30
Adjusted price (US \$/M <sup>3</sup> )	166.68	171.71
Adjusted price (US\$/ton)	186.66	191.85

Strictly speaking, the calculated price would be valid if the loading ports of both crudes were equidistant from the market. But if we consider the east coast of the United States as the market for Argentine crude, then Ras Tanura and Caleta Olivia are practically equidistant.

If we considered our neighboring petroleum-importing countries (Brazil, Uruguay, Paraguay, and Chile) as the natural market for Argentine petroleum, then the price differential for shipping would be positive (1), and the FOB Caleta Olivia value would be even greater than what was just calculated.

Of course, Heavy Arabian petroleum is universally known and ours is not, not even in all our neighboring countries. We must therefore begin some promotional work to make our petroleum known in its potential markets sufficiently in advance of export negotiations.

To better evaluate the significance of the price calculated for Canadon Seco, we should mention that the crude used as a reference comes from Saudi Arabia, a country that has followed a somewhat more moderate price policy than the other OPEC members. We should also say that the price of that crude was equal to or higher than US \$31 per barrel between 1980 and 1982. Since then it has declined steadily, until reaching US \$26.50 per barrel, its price since the start of 1985.

It is worthwhile to point out that so far we have spoken of the international price or FOB Caleta Olivia price of Canadon Seco crude, and not of the exporter's earnings. The two figures would coincide only if the sum of export taxes and costs were equal to zero. At present, reality is greatly different from that situation. We will consider the incidence of export taxes later.

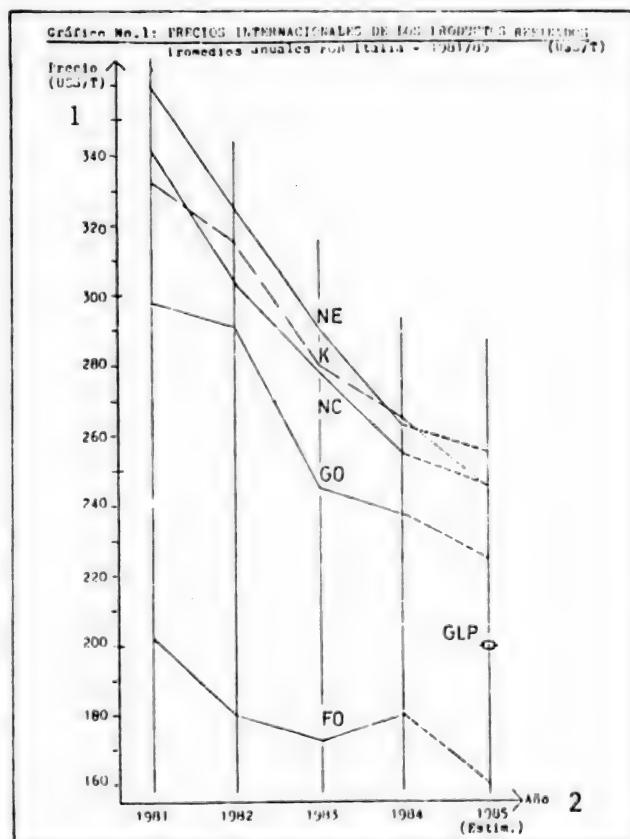
#### 2.2.2. Price of Refined Products

We will take the FOB Italy price as the international price of refined products. During the past 5-year period (1981-1985), price trends declined steadily, as can be seen in the values in Chart no 6, also shown graphically in Graph no 1.

Chart no 6: International Prices of Refined Products: Annual Averages  
(FOB Italy-1981-85---US \$/ton)

Year	Regular Gasoline	Premium Gasoline	Kerosene	Gas Oil	Fuel Oil
1981	342	360	332	298	202
1982	304	325	316	291	180
1983	278	290	280	245	172
1984	255	263	265	237	180
1985 (estimated)	245	255	245	225	160

Graph no 1: International Prices of Refined Products  
Annual averages, FOB Italy - 1981-1985 (US \$/ton)



Key:

1. Price (US \$/ton)
2. Year

In the years 1980/81/82 and 83, Brazil's imports were only 49, 42, 37, and 35 million tons, respectively.

The values given are annual averages for each product.

The declining trend was common to all fuels, with the exception of FO; in 1984 it had a price upturn caused by the prolonged coal miners' strike in Great Britain.

Based on this price trend, coinciding with the trends in crude prices and prices in the first 5 months of 1985, the average annual values for 1985 can be estimated. They are given in Chart no 7, still based on FOB Italy prices.

Chart no 7: International Prices of Refined Products (US \$/Ton)  
Annual Average Values Estimated for 1985 (FOB Italy)

Regular gasoline	US \$ 245 per ton
Premium gasoline	US \$ 255 per ton
Dual kerosene	US \$ 245 per ton
Gas oil	US \$ 225 per ton
Diesel oil	US \$ 205 per ton
Fuel oil	US \$ 160 per ton

Annual estimated average for GLP: US \$ 200 per ton

#### Seasonality

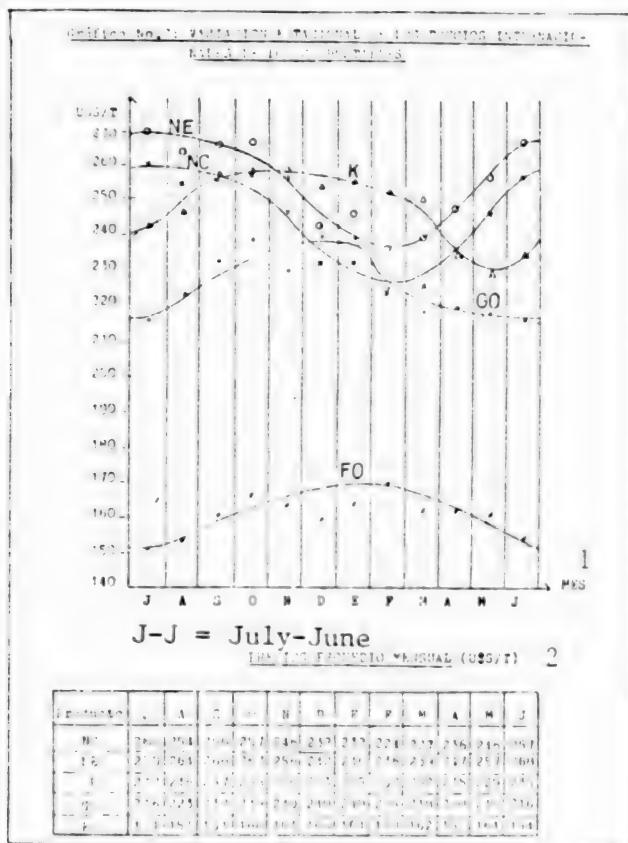
Throughout the year, the prices of each fuel fluctuate with a greater or lesser amplitude. Their highest levels obviously occur during the months of peak demand, and at times, somewhat earlier than the peak demand season.

By averaging the monthly average price curves for each of the years from 1981 through 1984, and by correcting for downward trends, we obtained for each product a price curve in which each point corresponds to the average value for each month of the year. Afterwards these curves were "lowered" until their average prices coincided with those shown in Chart no 7. In this way it was possible to draw ideal estimated price curves for 1985 which reflect seasonal fluctuations (Graph 2).

Thus, for NC (estimated average: US \$245 per ton), the maximum prices occur during the Jun/Jul/Aug/Sep period (summer in the northern hemisphere), with prices reaching \$260, and the minimum prices--about \$230--occur during the Dec/Jan/Feb/Mar period (winter).

The seasonal pattern of NE coincides with this, although with somewhat higher prices: an average of \$255, a maximum of \$270, and a minimum of \$240.

Graph no 2: Seasonal Variation of International Fuel Prices



Key:

1. Month
2. Average monthly prices (US \$/ton)

Fluctuations in prices of K are of a smaller amplitude. With an average of \$245, it reaches a maximum price of \$258 in Sep/Oct/Nov, and a minimum of \$230 in May, with \$235 in April and June. As we can see, the periods of maximum and minimum values are anticipated by 2 to 3 months before the respective winter and summer peaks.

The GO curve is flatter, with smoother price oscillations and longer periods of stable prices. With an average of \$225, maximum prices of up to \$240 occur in Oct/Nov/Dec/Jan, and minimum prices of about \$215 in Mar/Apr/May/Jun/Jul. GO prices also reach their maximum values before the winter peak in the northern hemisphere and fall rapidly afterwards.

FO reaches its maximum price levels in Jan/Feb/Mar (\$170) and its minimum levels in Jun/Jul/Aug (\$150); its average price is \$160.

Chart no 8: Relative Values of International Prices of Refined Products  
(US \$/Ton)

NE/FO:	1.60	NE/NC:	1.04
GO/FO:	1.40	K/GO:	1.10
DO/FO:	1.30	NE/DO:	1.13
GLP/FO:	1.25	GO/DO:	1.10

Relative Prices

Chart no 8 shows the relative prices of NE, GO, DO, and CLP with respect to FO on the left. To the right are the relative prices of some refined products with respect to others, but excluding FO.

The values in the chart indicate average relations, that is, relations between average annual prices for each product during the last 5-year period. These values vary from one year to another, and also vary significantly at different times of the year when the relation is shown between two products with opposite seasonality, as in the case of gasolines/GO, and especially gasolines/FO.

In the first case, the overall average for NE/GO is 1:13; in the summer this relation goes up to 1.25, declining in the winter to about 1. In the second case, the NE/FO average is 1.60. It goes up in the summer to 1.80, declining in the winter to less than 1.40.

Chart no 9: Value Added by Distillation and Conversion  
(International Market Prices)

Product	Crude		Distillation		Integrated Processing	
	Yield (T)	Value (US\$)	Yield (T)	Value (US\$)	Yield (T)	Value (US\$)
Canadon Seco	1.00	191.85				
GLP			0.005	1.00	0.04	8.00
NC			0.135	33.08	0.15	36.75
NE					0.13	33.15
GO			0.25	56.25	0.25	56.25
DO					0.08	16.40
FO			0.58	92.80	0.28	44.80
Totales	1,00	191.85	0.97	183.13	0.93	195.35

Value added by distillation (US\$/ton of crude) (8.72)

Value added by conversion (US \$/ton of crude)

12.22

### 2.2.3. Value Added by Distillation and Conversion

Using the same considerations as in section 2.1.3, and repeating the calculations used in Chart no 4, but this time using the international prices of the products instead of the domestic market's current withholding prices, we come to Chart no 9.

From the information contained in this chart, we find that the export value of Canadon Seco crude should be 4.5 percent higher than the export prices of products obtained from its distillation.

If Canadon Seco is given integrated processing, which includes conversion, the export value of the resulting products would exceed the export price of crude by 2 percent, and that of its distillation products by 6.5 percent.

Here again, as in the case of crude, we have to point out that these conclusions would be valid if the FOB Argentina prices of the refined products were the same as the FOB Italy prices. That would theoretically be possible for a sufficiently large market, equidistant from the loading ports of both countries, assuming that the availability of storage facilities of varied sizes, port facilities for large tankers, and other factors were very similar. Even so, it would still be hard to get the same prices here as in the ports of Italy or Rotterdam, located conveniently between producer and consumer countries, surrounded by numerous nearby ports that deliver or order refined products; traditional markets where large volumes of these different products are regularly bought and sold every day, equipped with large storage capacities, and with the international communications infrastructures to provide sufficient flexibility for business deals.

Nonetheless, our country still has the advantage of being surrounded by neighboring countries with an energy shortage which are net importers of hydrocarbons, with the exception of one.

This is the advantage which, if properly used, may serve to offset Argentina's disadvantages in other areas in relation to markets whose prices we will use as a reference.

## 2.3. Comparison Between Domestic and International Prices

As we already know the price of crude and other petroleum products both in the domestic market and in the external market, we will now make a comparison between them.

### 2.3.1. Prices of Crude

In comparing the Canadon Seco FOB Caleta Olivia crude price shown in Chart no 1 with the theoretical international price given in Chart no 5, we find that the latter is equivalent to 222 percent of the former price.

Chart no 10: Comparison of Domestic and Foreign Prices: Crude and Refined Products (US \$/Ton)

Product	Domestic Prices 1	Foreign Prices	
		Gross 2	Net 3
Canadon Seco Crude	86	192	107
Regular gasoline	170	245	136.46
Premium gasoline	173	255	142.04
Kerosene	158	245	136.46
Gas oil	150	225	125.32
Diesel oil	121	205	114.18
Fuel oil	78	160	89.12
GLP	124	200	124.00

### 2.3.2. Prices of Products

In Chart no 10, column 1 shows the domestic FOB prices of Canadon Seco crude and of products (industrial withholding value) in whole dollars per ton. Column 2 gives the international prices, and column 3, the net export earnings--that is, the FOB price minus the DE (Export Duty), the charge for SE (Statistics Service), and GE (operating, administrative costs, bank fees, etc.).

Chart no 11: Comparison of Relative Domestic and International Prices of Refined Products

Col No.	1	2	3a	3b
Relation between	Domestic	Relative Prices International		
			3 = 1 ÷ 2	
NE/NC	1.02	1.04	0.98	
K/GO	1.05	1.10	0.95	
NE/GO	1.15	1.13	1.02	
GO/DO	1.25	1.10		1.14
NE/FO	2.23	1.60	1.39	
GO/FO	1.93	1.40	1.38	
DO/FO	1.55	1.30		1.19
GLP/FO	1.60	1.25	1.28	

Since 11 June 1985, the DE applicable to crude and refined products has been 69 percent of the FOB value minus the DE, that is,  $DE = 0.59$  (FOB-DE). Working out this formula gives  $DE = 0.408$  FOB. The actual tax is thus equivalent to 40.8 percent of the FOB price. If to this percentage we add 1 percent for

SE and 2.5 percent for GE (this includes the topping-off charge), this comes to a total deduction of 44.3 percent. The exporter's net earnings are consequently reduced to 55.7 percent of the FOB price.

Since 11 June 1985, the DE for GLP has been 33.5 percent of the FOB price. When we add to this 1 percent for SE and 3.5 percent for GE, the deductions come to 38.0 percent of the FOB price. Therefore, the exporter's net earnings are 62 percent of the FOB price.

The chart shows that FO is the only product which has significantly larger export earnings than revenue from domestic sales.

#### Relative Prices of Products

Chart no 11 compares the relative domestic prices with international prices. Column 1 contains the domestic prices taken from Chart no 3; column 2 gives the international prices shown in Chart no 8.

For the quotients--column 1 as a percentage of column 2--we got the values of column 3, which represent the relations between the relative domestic and international prices.

In column 3a, the first three values are very close to 1, with deviations of less than  $\pm$  5 percent. This indicates that the industrial withholding relations of the light fuels differ very little from the corresponding relations in the international market.

The next two values in column 3a show that the relative domestic prices of gasolines and GO with respect to FO are approximately 40 percent higher than in the international market. This tells us that in relative terms, the FOB withholding should be multiplied by 1.4 (or the withholdings for gasolines and GO should be divided by 1.4) in order to coincide with the international market guidelines. For the same thing to happen with DO, its withholding would have to increase by 15 percent. Then the values of column 3b would be in harmony with those in 3a.

Multiplying the industrial withholding of FO by 1.4 would raise it from 62.15 to 87 Australes/Ton, and raising that of DO by 15 percent would bring it from 84.90 A/M<sup>3</sup> to 97.64 A/M<sup>3</sup>.

#### 2.3.3. Values Added by Distillation and Conversion

The values calculated with domestic market prices in Chart no 4 are summarized in column 1 of Chart no 12.

Column 2 summarizes Chart no 9 (except for the cost of crude) in which the theoretical VA were calculated, using the FOB Italy prices as the international prices of products, as if exports had no costs or taxes added to

this FOB price. The total domestic cost calculated in Chart no 1 is used as the cost of crude.

Chart no 12: Comparison of Values Added with Domestic and International Prices (US \$/Ton)

	Domestic	International	
		DE + SE + GE = 0%	DE + SE + GE = 44.3%
	1	2	3
Cost of crude (including taxes)	103.31	103.31	103.31
Value of distillation products	106.19	183.13	102.00
Value of distillation + conversion products	121.99	195.35	109.39
VA by distillation	2.88	79.82	(1.31)
VA by conversion	15.80	12.22	7.39
VA by distillation + conversion	18.68	92.04	6.08

Column 3 uses the same cost of crude, but the net export prices shown in Chart no 10 are used for the products.

Here we see that the VA by distillation, which was considerable in column 2, now becomes negative in column 3, as it is transferred to the National Treasury by means of the DE of 69 percent.

The VA by conversion is reduced from US \$14.22 to US \$7.39 per ton of crude. This is equivalent to 47 percent of the VA for domestic prices.

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CSO: 3348/258

CHILE

U.S. SAID TO WANT PINOCHET OUT

Santiago CAUCE in Spanish 10 Dec 85 pp 4-6

[Article by Gustavo Boye S.: "U.S. Government: 'We Would Like Pinochet to Step Down'"]

[Text] In pursuing his domestic war strategy and election campaign the lone candidate has had to deal with several fronts simultaneously.

One of them, perhaps the touchiest and most difficult to handle, is the diplomatic arena.

If we were to use the language of boxing, we would say that five fighters are in the political ring, bobbing and weaving and watching each other mistrustfully.

First of all there is the government, now openly acknowledging its intention to remain on beyond 1989. Remember Pinochet in the south claiming a "vanguard role in the anticommunist struggle."

Then there is the National Accord, one of whose backers, Christian Democracy, is playing a leading role because of its political influence and strength.

The Church did its part with the reconciliation campaign that it carried on for 12 months all over the country. Monsignor Fresno was, of course, in its forefront; on his recent trip to the United States and Italy he carried out not just pastoral tasks but some decidedly political ones as well, such as the meeting he had in New York with major opposition political leaders overseas.

Then there is the MDP, led by the Communist Party, which answered the call of the Democratic Alliance and Gabriel Valdes after the rally in the park, which was an act of unity. They took up the challenge and inferred that the goal is to welcome the pope in 17 months to a country that is irreversibly on its way to democracy.

Last but not least, there is U.S. Ambassador Harry Barnes and the entire diplomatic front.

### Bonn: Ambassador Was Following Orders

Two incidents or actions provoked Pinochet to anger, as he complained out loud in the south: "Since when are certain ambassadors here to solve our domestic problems? I think that this is unacceptable and, hence, I want to point out very clearly to the representatives of certain countries that their function is not to admonish, and much less can they take sides with any domestic political group."

One of the moves that Pinochet was criticizing was made by FRG Ambassador Hermann Holzheimer, who hosted a meeting between the ambassadors of the EEC countries and the top leaders of the parties that have signed the National Accord. Speaking on behalf of his colleagues, Holzheimer stated that the EEC supports the National Accord, adding that the unity among the democratic opposition in Chile is important and significant because it represents a constructive alternative and rejects solutions that entail violence, terrorism and extremism.

The German ambassador's words prompted Foreign Minister Jaime del Valle to summon him to a meeting at which he told him about the Chilean government's annoyance with his stand.

The effort was in vain because the German Foreign Ministry in Bonn clarified in a public report that its ambassador in Santiago had merely been following express orders from his government.

### United States: We Would Like Him to Leave

The position of the U.S. ambassador is equally clear and even more categorical.

The news arrived via an AFP wire. None other than Elliot Abrams, the undersecretary of state for inter-American affairs, told the U.S. Congress that the United States "would like" Chilean President Augusto Pinochet's government "to step down."

However, Abrams said that the United States should not vote down loans to Chile in multilateral development banks, indicating that such a move would be tantamount to a "declaration of economic war that would harm the Chilean people and would not be approved of even by the Chilean opposition."

Abrams testified before the House Finance and International Development Institutions Subcommittee concerning charges that President Reagan's administration had, in the case of Chile, not complied with legislation banning economic aid to governments guilty of human rights violations.

"The human rights situation in Chile is very bad in many ways but it is improving," Abrams said.

"We would like this government (President Pinochet's) to leave and be replaced by a civilian democratic government, as in Argentina and Uruguay, but this is something that the Chileans themselves have to work out," he stated.

#### Chile Mentioned More Than Afghanistan

Abrams described human rights legislation as "negative" because in his opinion "it lacks flexibility," and he said that he was "extremely proud" of the stand that the Reagan administration has taken towards Chile on human rights.

The AFP wire added, citing Abrams: "We have made more statements in favor of a transition to democracy in Chile than against Soviet intervention in Afghanistan. Anyone can verify this if they take the trouble to review the transcriptions of our daily press conferences in the State Department," he added.

Esteban Torres, a House Democrat from California, cited several paragraphs of the most recent State Department report on the human rights situation in Chile, underscoring acts of police brutality and torture, and asked Abrams: "How is it possible to condone such acts? This is deplorable!"

"I agree with you completely," replied Abrams. He insisted, however, that "impoverishing Chile" was not the best way to promote a peaceful transition to democracy.

In the wake of such news it seems clear that Ambassador Barnes' daily meetings and actions, as he makes a new gesture every day, gestures that have a special meaning in diplomacy, are entirely in keeping with the U.S. Government's present position towards the dictatorship. Barnes can thus say that "when Chile reestablishes democracy, relations with the United States will improve significantly."

#### The Presidential Campaign

What does not help at all is the image of the lone candidate, who last week toured the southern part of the country and did something that he said his government did not do: offer things, in a bid to gain support, in the finest style of "los senores politicos," as he calls them.

The president's image-makers, Manfredo Mayol and Minister Cuadra, among others, thus hired a specialized company in the strictest of secrecy to conduct a poll gauging public reaction to an announcement that the current government planned to stay on past 1989. They did not find the most recent CAUCE poll clear and eloquent enough. The interesting part, however, is that the poll also sought to gauge reaction to other alternatives, such as an election among several candidates that would require a second round of balloting if none of them achieved an absolute majority. In this case the questions are designed to gauge the public's attitude towards a potential showdown between a Center-Left candidate and a military candidate, General Canessa or General Sinclair, for example.

All of this is not unrelated to the plan for a plebiscite that the government is studying with an eye towards amending the constitution. Pinochet has reportedly become convinced that his only chance to remain on past 1989 is, instead of a plebiscite to confirm or reject him as a sole candidate, an election with several candidates and a divided opposition, in which he could defeat the other contenders.

### Political Changes

The questions that Pinochet is asking himself are important ones, and they will have to be answered over the next few days, before the UN General Assembly takes up the report on human rights in Chile, even though there is nothing that will change the vote appreciably.

Even more importantly, however, Pinochet has become bogged down as the National Accord nears its 4th month and needs to regain the political initiative and react to a panorama in which it is growing increasingly clear that he has very little chance even to make it to 1989.

To use his own military terminology, one of the courses of action that he could take to attain at least his primary goal, making it to 1989, would be to take bold action in La Moneda. It would mean spurring and hastening a Pinochet-led transition. It could be a Machiavellian maneuver, inasmuch as the secondary goal would be to divide the opposition.

He needs civilians, politicians if possible, to carry out this "course of action." One of these men was Arturo Fontaine. Owing to the conditions that he set and to the interest that he showed in the National Accord as "the" answer for Chile, his name was tossed out.

The other name, the one that is being mentioned the most, is Julio Duran, a former Radical senator and member of Radical Democracy.

Duran's demands are sizable ones. The first is an immediate end to exile. Pinochet accepts the idea but would like to prohibit no more than 50 Chileans from returning. Security reports convinced him that keeping tabs on 50 highly visible political figures would entail no technical difficulties. Such a measure would be all-embracing, as even those who were stripped of their nationality would have it reinstated.

Julio Duran's other demands have to do with a hand in running things, including economic policy, which would entail the departure of Finance Minister Buchi and, most likely, Economy Minister Delano. This idea must have come up at the luncheon meeting that Duran, the president of Radical Democracy, and Luis Escobar, a former economy and finance minister, held at the La Union Club last Friday.

Finally, there is the question of amending the constitution to change the presidential election system in 1989, to hold elections for mayors and councilmen in 1986 with voter registries and Election Certification Boards in place, and in 1987 to hold two-house congressional elections with the

alternative of an appointed Senate and a directly elected House of Representatives.

If such an arrangement does not work out, it will be due to Pinochet's unpredictable nature, not to the unreliability of our sources, who have given assurances that all of these "moves" and confidential meetings have indeed been taking place.

#### The Radical and National Mainstreams

Concurrent with these other political activities, various groups across the political spectrum have continued their efforts to form coalitions, including the socialists, as MAPU [United Popular Action Movement] called for an accord among socialist forces after concluding that the Socialist Bloc had been outstripped by recent events.

In the Radical-Social Democrat sphere, Rene Abeliuk and Levian Munoz recently answered the letter in which Enrique Silva Cimma, the president of the Radical Party, called on the two parties to unite so that they could "struggle successfully for the establishment of our principles of democratic socialism."

Abeliuk, employing the same "frank and cordial" tone as his friend Silva Cimma, briefly reviewed what had happened since the PIR [Leftist Radical Party] was formed in 1971, becoming the Chilean Social Democratic Party 2 years later. He analyzed its development under Pinochet and underscored that his group was joined not just by former Radicals but by people "who were never politically active before or belonged to another group."

Abeliuk noted that his party "has a diverse make-up" and that it is necessary "to avoid making mistakes or taking hasty action that would compromise the support of these new sectors, which have given us a major presence in several of the country's universities."

He reaffirmed his desire for unity and agreed to begin talks, emphasizing the necessary intermediate step of strengthening the Democratic Socialist Federation, to which both parties belong, and the USOPO, and pointing out that a final decision is up to the rank and file at the upcoming May 1986 convention.

He concluded by emphasizing that his "deeply held conviction is that the creation of a great Social Democratic or Democratic Socialist Party will enable us to achieve our shared goal: to build a broad and progressive democratic force with a modern organization and policies appropriate to the times."

"We are certain," Abeliuk's letter reads, "that such a political force will be decisive in helping the country to return to the democracy that it so regrettably lost precisely because a strong enough progressive democratic party was lacking, and that once democracy is restored it will be a bastion against further attempts to destroy it in one or another direction."

All indications are that as the political process unfolds under the dictatorship, a return to democracy will be possible. Although it would not be a two-party system, there would be a small number of major parties. They would have modern structures and broad, sound internal democracies and would represent the major political schools of thought in the world.

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CSO: 8148/0532

CHILE

JARAMILLO ON FUTURE OF DEMOCRATIC ALLIANCE

Santiago CAUCE in Spanish 10-16 Dec 85 pp 10-11

[Interview with Armando Jaramillo, president of the Democratic Alliance and of the Republican Party; author, date, time and place not given]

[Text] The people flocked to O'Higgins Park to tell the opposition in no uncertain terms that the way to bring back democracy in Chile is through unity, without divisive ideologies. In addition, the negotiations, dialogues and actions to achieve that democratic objective should be conducted with the only appropriate party to deal with in such contacts: the Armed Forces.

These and other statements were made to CAUCE by the new president of the Democratic Alliance, Armando Jaramillo, who is also the president of the Republican Party.

After explaining that his party is in the center and not "right-wing," that it is the heir to the Liberal Party tradition, and that it, along with the Radical Party, represents broad sectors of the Chilean middle class, Jaramillo plunged into the issue that is the focus of attention for all Chileans.

[Question] What do you think of Pinochet's announcement that this government will not end in 1989?

[Answer] Look, I want to be very fair about this. And I would like to take this opportunity to make an apology. A few days ago Mr Cuadra, who is the minister-secretary general of government, repeated that same nonsense. I rashly labeled him an inexperienced politician, assuming that he was stating his own views. I do not want to offend anyone gratuitously. In other words, I would not want to insult anyone. Mr Cuadra was merely acting as an advance spokesman for Mr Pinochet. As we lawyers say, Mr Cuadra was laying the executive groundwork to prepare the country to receive the announcement that they intend to extend this government beyond 1989. Fortunately, it appears that this misguided view will not be accepted. Two signs have lifted my spirits and given me reason to believe that a rather substantial change may take place.

[Question] What are those signs?

[Answer] One is quite curious. The Independent Democratic Union (UDI), which has been extraordinarily supportive, one might say, of the government's actions, has acknowledged that the instrument known as the 1980 Constitution, that sacrosanct instrument that was intangible, untouchable, and unassailable, might be modified. That was said by Jaime Guzman. They would be willing to consider a modification. At first glance, that seems very positive and hopeful to me. . .

[Question] And the other is Gen Matthei. . .?

[Answer] Right. And it strikes me as much more important, even more hopeful.

The words uttered by the commander in chief of the Air Force, Gen Matthei, are a veritable tribute to dialogue. He is being receptive to the so-called reconciliation formulated by the Catholic Church. More than that, Mr Matthei, demonstrating that he does revere the process, stated that in 1989 he would not longer be carrying out his current function. In other words, he is pointing to a democratic path. A path of new possibilities for other values. He is setting an example that I hope will be followed not only in the Air Force, but in all the armed institutions.

#### Only Appropriate Party

[Question] After what Pinochet and Matthei said, which party is the appropriate one for the opposition to deal with?

[Answer] This confirms what we Republicans have been contending, along with other sectors of the Democratic Alliance. It is very difficult, practically impossible, to claim that the president of the republic is the appropriate party. Every time he opens his mouth, he provides sufficient and repeated proof that he is not willing to engage in dialogue. On the other hand, after listening to what Gen Matthei has said, some statements by Gen Stange of the Carabineros, and some by Adm Merino, I haven't the slightest doubt that the only appropriate parties to deal with in this country are our Armed Forces.

From my point of view, they are very respectable; they are part of Chile's tradition; they are implementing this government; they affirm it and maintain it; and without their cooperation we will not be able to emerge from this situation peacefully.

Thus, I believe that the appropriate party to deal with in this is the Armed Forces of Chile.

#### MDP Invitation

[Question] The Popular Democratic Movement (MDP) sent a letter to the Alliance inviting it to a meeting very soon for the purpose of agreeing on joint actions to pursue the objective stated by Gabriel Valdes at O'Higgins Park, democracy. . .

[Answer] That is right. I want us to converse in very subtle terms so that there will not be any distortions. Gabriel Valdes received that letter the day before his last day in office. Obviously, he did not have a chance to send it to the executive committee. The day I took over as president there weren't even copies of the letter to give to each member of the committee. A report on the letter was presented during the session. Photocopies were made and distributed. The members of the executive committee must take it to their parties, because we are only the leaders of the different groups. We will give this issue the consideration it deserves at the session next Tuesday (10 December), and to the extent possible we will have gathered the opinions of our political organizations.

#### Spirit of the Park

[Question] What do you think of the political agreement of Carlos Briones' Socialist Party, which proposes a number of joint actions with the MDP?

[Answer] I would also like to be very frank about this. I prefer not to think about the internal problems of the other parties of the Alliance, especially now that I am its president. The Democratic Alliance defends first and foremost the self-determination of each of its member organizations, so that they can express their separate views however they wish. The representatives of the Socialist Party will in due time express their points of view within the executive committee. I can, however, give my personal opinion as president of the Republican Party.

The gathering at O'Higgins Park is a political event of extraordinary importance. That and the National Agreement are perhaps the two culminating political events of 1985. I think that O'Higgins Park revealed a special spirit; a tacit mandate was issued there, a mandate for unity, for understanding, for putting aside ideology. There Chileans gathered without regard for political banners, ideological positions, social status, age or sex. A group of good Chileans said: Chile demands democracy.

That is the spirit of O'Higgins Park. That is what we political leaders must heed. And we must be flexible enough to understand that beyond ideological considerations, there is a widespread desire to return to normal channels. If we continue like this, we will be more excluded from the world, we will be poorer, and--why not admit it--we will be closer to the end of our days.

To maintain the spirit of O'Higgins Park, we need good judgment, generosity, and many ideological concessions. Otherwise, from the very moment each person raised his own banner, we would begin to perpetuate Pinochet's power.

[Question] In signing pacts between the Alliance and the MDP, are the university students expressing that spirit?

[Answer] What you are pointing out is an example already. At the university, on the basis of unity, major victories have been won.

## Social Mobilization

[Question] What means do you feel are legitimate to use in keeping with the spirit of the park, and considering Pinochet's negative attitude?

[Answer] I think in any event that the only way to reach the new democracy--and here I want to repeat what the U.S. ambassador said--is for us to use the most democratic procedures. In other words, to persuade by example. We must absolutely eliminate all violence, which is the one way to ensure that we will never reach democracy. I favor social mobilization, but a well-intentioned social mobilization that has emerged from the ranks of the people themselves and uses peaceful methods. Men communicate with words, not with bullets or threats. I am not in favor of violent means in any way.

## Role of Armed Forces

[Question] What role should the Armed Forces play in this transition period?

[Answer] I think it is tremendously presumptuous for a civilian to begin determining roles for the Armed Forces in advance. They have a longstanding democratic tradition. Twelve years of Pinochet does not blot the clean record of our armed institutions. Chile in general, and I in particular, are proud of the Armed Forces and the Carabineros of Chile. They are part of the national inventory. It is not yet possible to determine how this transition to democracy will take place. If we have managed to live together for 150 years, the civilian and the military shoulder to shoulder, then I believe this tradition will prevail once more, and the good relations that have always existed between civilians and soldiers will continue in the future.

## Stange's Duty

I have a high opinion of the professionalism of our Armed Forces, of their patriotism, and also of the efficiency of the Chilean Carabineros. If there has been a disgrace at a given time, it is because there are good and bad apples everywhere. Unless, of course, they have been infiltrated, and I think they have. That infiltration of the Carabineros is very clear in the minds of everyone in this country. What has happened is not in keeping with the tradition of the Carabineros. This infiltration has a name and a surname. I prefer not to mention it at this time, because I also value my life.

[Question] Are these "moles" so dangerous that they could threaten the life of the president of the Democratic Alliance, so that he does not dare name them?

[Answer] But I haven't the slightest doubt. They have made attempts on so many people. But I am certain, and I have faith in Gen Stange's ability to eradicate all those bad seeds.

8926

CSO: 8148/0533

CHILE

CHRISTIAN DEMOCRATIC LEADERS DESCRIBE THEIR PARTY

Santiago QUE PASA in Spanish 21 Nov 85 pp 45-52

[Article by Mariana Grunefeld and Catalina Correa: "What Kind of Party Is This?"]

[Text] If you have a house in Cachagua, if your children attend the San Ignacio Secondary School, Notre Dame, the Minor Seminar or Las Teresianas; if you insist on listening to Cooperative Radio, or failing that, Santiago; and if on Sunday morning you attend the 10:45 mass in the University Parish, without a doubt you are in serious danger of being a Christian democrat.

But if in addition you receive the pamphlet LIRCAY, from time to time, and if someone calling you on the telephone or at lunch with you calls you "comrade" more than once a day, and if the statements by Minister Cuadra irritate you, not the slightest doubt remains. You simply are a Christian democrat. Obviously, this does not mean that you are one of the 30,000 formally registered members of the party, much less one of the 300 party officials. It only means that you are a stubborn opponent of the regime, that you reject capitalism and communism although you can justify pacts and alliances with the latter. It also means that you feel that you are a democrat and a Christian. It is perhaps for this reason that a Christian democrat once voiced the challenge: "You who are a democrat and also a Christian, why can you not be a Christian democrat?" His interlocutor (assume one of those right-wingers who prefers to deal with the communists rather than the Christian democrats, because "at least one knows what they think") replied as follows: "I like rice. I like milk. But I hate rice with milk."

However, it should be made clear that you need not be a Christian to be a Christian democrat. It suffices to know that its chief thinkers in this country are not believers, meaning none less than Jaime Castillo ("The Teacher"), Genaro Arriagada and Edgardo Boeninger. But you must indeed be an admirer of the Frenchman Jacques Maritain, or Emmanuel Mounier, or, finally, Nicolas Berdiadef. You must be familiar, at least by name, with the University of Louvain. You must, obviously, be a humanist, taking inspiration from the social doctrine of the Catholic Church. In fact, the Christian Democratic Party (PDC) was born on 12 October 1935, when it separated from the denominational Conservative Party. Its founders were motivated by the poverty of the masses and later the Second Vatican Council. The sponsors included

Monsignors Larrain and Vives. These founders of the National Falange, which was the precursor of the PDC, were young men. They were all students in law at Catholic University, except for one (Manuel Antonio Garreton, an engineer at the University of Chile). The other "founding fathers" were Bernardo Leighton ("The Brother"), Rafael Agustín Gumucio (in 1969 he established the Christian Left), Eduardo Frei, Radomiro Tomić, Rafael Maroto (now the spokesman for the MIR [Movement of the Revolutionary Left]), and Eduardo Hamilton. A notable Christian democrat stated during an interview: "We are the schism within Christian thinking. The right wing clings to the gospel, while we are concerned with the rights of the poor" (however Eugenio Ortega, the conciliatory secretary general of the PDC, explains: "We do not describe others"). Perhaps for this reason they say that "being a PDC militant means serving the community."

Astute observers of the Christian democrats regard their Catholic inspiration as decisive. They apply the absolute system of theology to politics, and for this very reason are sectarian. "Basically, the Christian democrat fears contamination, and this fear leads to the desire to believe oneself pure." And one of these observers goes further. He explains the "terror" of the Christian democrats of appearing before the Disciplinary Tribunal (over which Francisco Cumplido now presides) as follows: "It is a danger of excommunication, of exclusion from the sociological group." Thus the Christian democrats "live and die" together. A recent survey of the party leaders at the base level made by the Christian democrat political scientist Carlos Hunneus indicated that 55.70 percent of those questioned have fellow party members as "close friends." Only 1.36 percent said that their friends were in the government. They also marry within their own group (in the older generation, Valdés is the father-in-law of Tomić, and in the younger, Pickering is married to Hamilton's niece). With the Aylwin, Zaldivar, Frei, Walker and Donoso families, we see whole Christian democratic clans. Laughingly, one of them admitted that "we are like a Masonic order. We recognize each other by smell." And he described the "typical" Christian democrat. "He is a middle-class man (except at the summit, naturally), a professional or a skilled worker. Grey of face, rather silent, he has a special way of speaking one can spot from a distance, and a subtle way of moving."

#### Key Figures

Perhaps this is the source of the Christian democrat's obsessive mystique concerning Unity (thus, with a capital letter), which he also calls "consensus," although this latter term has lost its sacrosanct aspect within the party. "Consensus is the best thing, but not the normal one. What is normal is internal democracy," Andrés Zaldivar states emphatically. And all of this as a result of the most recent election of officers, during which feathers flew. The Valdés slate (more leftist or "involved" won by one vote over the Hamilton slate (more "moderate" or "expansive"). All of the Christian democrats thought there would be a split. By way of a lesson, the young technocrats drafted new internal bylaws putting an end to the two internal factions. In the future, internal elections would be by universal vote. In addition, the idea of electing a council of 20 to 30 leaders (in the fashion of the Italian PDC), who in turn would elect the top leadership, is

circulating. Concerned about unity, its advocates say that this would avoid the personal friction (to give it a name) and would clear the area for new leadership.

The threat of schism has lurked for years. The Christian democrats call it simply different "perceptions" which do not affect the ideological body. At the last national council meeting, they swore they would not go along with "those who want to show that the PDC is divided," in the words of the president of the FEUC [Federation of Catholic University Students], Tomas Jocelyn-Holt. They will not even admit they are divided by generations. "What are your relations with the top leadership?" we asked Jocelyn Holt. He answered, with obvious displeasure, "but what a pejorative term!" Gutemberg Martinez, another Christian democrat in the "middle" youth sector, explained: "Unity is a very vital thing for us, and we do not like to discuss our internal factions." But it is a fact that there are differences, and their source is the attitude toward the PCCh [Communist Party of Chile].

Among the workers one can distinguish between the "fat cats" (Rios, Vogel) and the more "entangled" (Seguel, Bustos). The same is true among the younger ones. Miguel Salazar is moderate, while Andres Palma is more "involved." And again, among the technocrats: on the one hand there are the more leftist inclined in the CIEPLAN (Alejandro Foxley, Nicolas Flano, Sergio Arellano), while on the other there are single names such as those of Andres Sanfuentes and Juan Villarzu.

An old story. It burst forth on 11 September 1973. While Patricio Aylwin was signing a statement recognizing that the Allende Government was not viable, 14 others (Leighton, Fuentealba, Sanhueza, Palma and Balbontin, among others) "categorically" condemned this declaration. It erupted to the surface again during the internal election in 1977 between Zaldivar (moderate) and Tomas Reyes, and in 1982 it was necessary to seek a "formula for consensus" which would ensure reconciliation once and for all. It was then that Gabriel Valdes Subercaseaux emerged. (Although those present at this meeting recalled that when Valdes said he represented the people, noting that he came from San Miguel, Claudio Orrego responded: "Obviously, you are indeed master of the Subercaseaux Plain. Of all of San Miguel.")

Today the key men in the "more impulsive" faction are without a doubt Ricardo Hormazabal and Claudio Huepe. In the moderate faction, there is Sergio Molina, even when he supported Valdes in the last election, and two "dark horses," Andres Zaldivar and Rafael Moreno, who implemented the agrarian reform, lives in Rome and because he is an agronomist, has a "feel for the weather." Nothing will phase him, they say. Therefore it is believed that the Zaldivar card will be played first, and then Moreno. Other key names include the ideologist Jaime Castillo. Possible presidential candidates are Eduardo Frei, "for the sake of the label," and Eduardo Boeninger.

Therefore they say that the "Buga" climbs like the "Bugambilia," as one individual explains it. All in all, the PDC puts emphasis on its party unity. And Zaldivar is right. "The fact that we have internal differences leads us to avoid identifying ourselves 100 percent with one position."

## Party Flirtations

In November of 1984, an unnamed team from the U.S. embassy in Santiago submitted a report to the Council for Hemisphere Affairs in the United States. The contents said that the embassy saw the PDC "flirting secretly with the left," and it was insinuated that the party was to blame for the establishment of a state of emergency in Chile. Going even further, it said that the PDC, fearful of being pushed aside by leftist elements in the opposition, has in recent years blocked the more open approach proposed by the government, rejecting the two conditions on which the armed forces insisted--acceptance of the 1980 constitution and the retention of Pinochet as president until at least 1989. The document concludes with the statement that the state of emergency "is an indication of the end of the efforts the government has made to reach an agreement with the PDC.

The fact is that the view of the PDC from outside is cautious. It suffices to recall that the German embassy for a long time excluded Valdes from its guest list. The European Christian democratic parties are rightist in inclination. "The fact is their reality is different," our own PDC members explain. And their thinking is different too. Edgardo Boeninger explains clearly: "What is best about a Christian democratic party is that it explicitly assigns the same importance to freedom and equality. Thus these are center parties. However, as Chile is a country with a very serious shortage of equity, the PDC here emphasizes equity. And this makes it a center-leftist party." Valdes confirms his statement. "I can categorically define the PDC as center leftist.... When one is in the center, one is very close to the right wing, and it legitimately has a function in any country: to defend a certain order, certain rights. We believe that what there is in Chile today to defend is very little. Other Christian democrats contradict him. Ortega: "It is better to talk of consensus than divisions." Alejandro Silva Bascunan: "I have not seen this definition (center-leftist) in any document. I regard myself as centrist, but not center-leftist. The others, on the other hand, prefer to eliminate the word "center." They prefer to distinguish "humanist" parties (themselves, of course) from the "materialist" ones (Marxist and liberal, they say). And paraphrasing their teacher, Castillo, they assert that "we are not a centrist, but a vanguard party" (Carlos Hunneus). Jaime Castillo set other standards for them in various documents. "The center party is indubitable conservative, while the vanguard party is revolutionary.

And thus we have the predictable statement to the effect that "the PDC tries to represent moderation in change." This is Zaldivar's watchword. But change toward what, more than one person might ask. He responds: "The PDC is a democratic party which is always open to the search for the alliance schemes of greatest interest to the country." Jocelyn-Holt concludes: "The PDC has had a proposal for change which it has defended, and which has taken shape in this country through very different measures." Perhaps he is recalling that statement made by Leighton 20 years ago: "To defend democracy, I am prepared to join forces with the devil." For one should not ask the people where they come from, they insist, but rather where they are going (see subheading "Friends of the PDC"). Perhaps for this reason, Frei proclaimed, in 1964, although the PDC had won with right-wing votes, that it would not alter its program one iota, even for a million votes. Perhaps this was the reason that

it turned over the government to the UP [Popular Unity] in 1970, although it had been the alternative to it in 1964. Perhaps this was why it proclaimed the "noncapitalist path of development," and Tomic's program was entitled "Communal Socialism." Perhaps this was why, when the party saw its freedom threatened in 1972, it allied itself with the right wing in the CODE. And perhaps, finally, this was why the five sectors of the economy (private, cooperative, state, social, mixed), coinciding with the definitions by the PCCh, were announced in September of 1983.

#### Attitudinal Factors

That the PDC has an admitted "alliance" with the left wing and a secret one with the right wing is a fact. What the left wing tells them "hurts" them. Aggrieved, they complain: "When we engage in an alliance with the PPCh, the right wing says we are communists, but when we do not, the left wing calls us right-wingers." The left wing them is "blackmailing them" intelligently. They proclaim "unity" as a slogan and "play on the feeling of opposition members," Boeninger says.

This represents an anti-right wing complex. "This is the problem for the right wing, not for us," they say, washing their hands of it. And they go on to say that "the left wing is an important protagonist today, and the right wing is not." Carlos Hunneus: "This is a right wing which has no program. What can the right wing ask of the PDC? It is we who must demand something of it for the 12 years of dictatorship." Therefore Ortega says confidently that "our affinities are defined in the Democratic Alliance. This is the spectrum of parties with which we feel comfortable." And he hastens to add: "Obviously our relations are good with other sectors too. Such as the National Party. There are also emotional considerations. The PDC was born as a branch separating from the conservative trunk, and it is thus unable not to turn toward the right. Its members admit this. A well-known Christian democrat warns that "there is hatred between us and the right wing, because we are first cousins and there is no worse enmity than that between relatives. They regard us as having betrayed them." A very critical and caustic right-winger sees this reality symbolized by Frei, Tomic and Leighton, perhaps the most representative PDC leaders. "All three are of foreign and provincial origin, and all three married very typical wives from the Conservative Party class. It is because of this that conflict is predictable."

The right wing also criticizes the "third way" or "communalism," as they call it. ("This is our utopia," the PDC dreamers say.) The PDC claims to reject both capitalism and Marxism, but if indeed it has been foolish in its use of the term "anticapitalist," it has never, on the other hand, used the term "anticommunist" (see "Friends of the PDC). In addition, the right wing says, since the Christian democrats cannot function in the communist countries, in practice no other path is left to them but to proceed against capitalism alone. This pushes them toward an alliance with the left. A politician who knows them says: "The Christian democrats are champions at organizing things others do, but it is not they who are creators. They have a kind of complex according to which the individual who creates things becomes powerful, exploitative and capitalistic. They have been heavily penetrated by the Marxist

propaganda and vocabulary. They are like the Theology of the Liberation of the Church group."

But the left also complains. The MDP [Popular Democratic Movement] has an ambiguous view of the Christian democrats. It remembers the CODE and has the greatest mistrust of the Christian democrats. "They are the other face of the right wing, its modernization effort," they state emphatically. The democratic socialists, on the other hand, feel that the Christian democrats are suffocating them. "The progressive PDC is limiting our space and then pulls the left more to the left. It is polarizing the situation (as in the FECh [Student Federation of Chile]), and it does not allow anyone in the middle."

#### The Party of "Buts"

But polarization does not suit the PDC either. Enrique Krauss once said, laughing: "With the winds the government is causing to blow nowadays, it is pushing us all the more toward involvement than expansiveness." Internally, Valdes continues to be elected. This means that the moderate cards are being held back for the moment, but not discarded. It also means that leadership is being lost. Outside the party, polarized positions are losing to the PDC. (For example, in the FECh case, the PDC maintained its voting support, while that of the MDP and the University Front increased considerably. Obviously, the PDC hastened to make it clear that the FECh election "is of no importance to the country.") It is the provisional definitions which are killing it. Its relations with the PCCh and the signing of the agreement, with a 1989 deadline, not knowing with whom they would negotiate, the government or the armed forces--these are open subjects. "None of these are clear policies within the PDC, because we have wagered on the fall of the government. Viscerally, it is impossible to accept 1989," one member said sincerely. Within the party, these points have not even discussed. The reason? The existence of serious internal conflict. On the one hand there are those who favor creating a government alternative. On the other, the smaller faction, are those who want to give this program some grounding in the present for the purposes of transition. Bogged down as they are, they have no specific plan for transition. This is the lost link in the PDC. "No one has posed these questions because this would mean belling the cat. It is the admission that this gentleman will not fall today, but day after tomorrow."

The PDC has thus become the party of the "buts." The PDC does not seek pacts or alliances with the PCCh, but "this does not mean that on specific matters there is not agreement" (Zaldivar). They accept the 1980 constitution and the 1989 deadline as a fact, but they are working to ensure that "for the good of the country, we do not reach 1989 under these conditions." There is a desire to forget agrarian reform, but there is no guarantee it will not be repeated in the future. The PDC proclaims communalism as an ideal, but makes it clear that this is a "utopia" and that therefore it believes in private enterprise, as well. The Christian democrats keep their ideological body "unchangeable," and will continue to do so, but they insist that they are not messianic, that they will never govern alone again, and that instead of being an alternative to the left and right wings, they have become a bridge.

Therefore, and if despite everything you insist on being a Christian democrat, you will have to accept the statement by Valdes to the effect that "the PDC is a center-leftist party which words like a mechanism swinging to the left or the right as the circumstances dictate." You will have to accept this, even though it is Minister Cuadra who will have to defend it.

The "Friends of the PDC"

--On 6 September 1939, when the National Falange had existed independently for 9 months, a parliamentary pact was arranged with the Communist Party. It was signed by Manuel Garreton, president of the Falange, and a communist deputy, Jose Vega.

--In the March 1945 elections, electoral alliances were arranged between the Falange and the Communist Party. In numerous electoral districts, they ran on joint slates. Signatories included, among others, Eduardo Frei, president of the Falange, and Domingo Dominguez and Servando Vivanco, for the Communist Party.

--In the 1946 presidential election, the Falange yielded to the candidacy of Eduardo Cruz Coke. The alternative was Gabriel Gonzalez Videla, who was supported by the left. Opinions within the Falange were divided. R. Tomic, who advocated supporting Cruz Coke, won by one vote over R. Fuentealba, who favored Gonzalez Videla.

--On 27 March 1958, following the election of a deputy for the Third Santiago District (Enrique Edwards, supported by J. Alessandri), the Democratic Reform Bloc was formed, including the political forces following Frei, Bossay (radical) and Allende. "It was necessary to prevent Alessandri from winning the next presidential election."

--In 1970, the preelectoral arrangement between candidates R. Tomic and S. Allende was denounced, making it possible to elect the leftist candidate with the votes of the PDC majority in the plenary congress.

--In 1972, the PDC joined the CODE (National Party, PDC and the bulk of the radical sector), an alliance against the UP government.

--On 6 August 1983, the Democratic Alliance was formed (PDC, radicals, socialists and republican right wing).

--In August of 1985, the National Agreement was signed by groups ranging from the socialists on the left to the MUN [National Unity Movement] on the right.

### What the Public Thinks of the Christian Democrats

The following are the six spontaneous responses most frequently given as to "good things about the PDC" (open question with up to three responses):

It is trying to return to democracy	8.8%
It was better with Frei than now	6.5
It recognizes the right to an opinion	4.0
It is fairer with the people	4.0
There is nothing good about it	3.5
It respects human rights	3.2

The following are the six responses most frequently given concerning "bad things about the PDC" (open question with up to three responses):

There is nothing bad	9.3%
Vague, undecided--frequent changes	3.1
Acts jointly with the left	2.7
Lacks leaders	2.5
Internally divided	1.8
Pure demagogic--promises	1.7

### What the Christian Democrats Think of the Others

Level of Christian Democrats' sympathy with the other political parties:

	Greatest Antipathy (%)	Greatest Sympathy (%)
Liberals	5.47	--
Radical Democrats	17.8	0.7
United Popular Action Movement (MAPU)	21.23	0.7
Democratic Alliance	1.37	19.86
Christian Left	16.44	--
UDI-Unionists	66.44	--
National Party	20.54	--
Radical Party	6.85	0.77
National Union	39.72	--
Socialist Convergence	6.16	--
Communist Party	34.93	--
Socialist Party (Alliance)	2.05	7.53
Socialist Party (MDP)	23.98	--
MAN	65.07	0.7
MIR	76.02	0.7

Source: Center for Studies of the Modern Reality (CERC). Carlos Hunneus in charge.

Superposed Votes?

	<u>Christian Democrats</u>	<u>Right Wing</u>
1953 Parliamentary	2.84% (Falangists)	24.98% (Conservatives and Liberals)
1957 Parliamentary	9.42%	32.97%
1961 Parliamentary	15.42%	30.35%
1964 Presidential	E. Frei, 48.33%/S. Allende, 33.55%/J. Duran, 4.30%	
1965 Parliamentary	42.00%	12.47%
1970 Presidential	R. Tomic, 23.22%/S. Allende, 30.24%/J. Alessandri, 29.1%	
1973 Parliamentary	29.00%	21.31%

5157

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COLOMBIA

## CANO LIMON EXPLOITATION GIVES NATION OIL SELF-SUFFICIENCY

Bogota EL TIEMPO in Spanish 12 Dec 85 pp 1-A, 8-A

[Article by Jose Suarez]

[Text] Colombia again began to enjoy oil self-sufficiency when the Cano Limon oil field in Arauca began producing an initial volume of 30,000 barrels per day of top-quality crude.

Cano Limon is the main productive field discovered in recent decades in Colombia. It has more than 1.3 billion barrels in reserves; between 600 and 700 million will be easily recoverable.

Production officially began when the German company Mannesmann turned over the pipeline between Cano Limon and Zulia (from Arauca to Norte de Santander) within the deadline in the construction contract despite the serious problems it faced.

ECOPETROL [Colombian Petroleum Enterprise] reported that the German firm, which specializes in that type of project, turned over the pipeline, the pumping stations, and the storage tanks on 7 December as had been planned from the beginning. For completing the project in time, Mannesmann will earn a bonus of several million dollars. If it had not, it would have been fined an equal amount.

National oil production, not including Cano Limon, had reached more than 180,000 barrels per day. With the 30,000 barrels per day that Cano Limon will initially produce, national production totals about 215,000 barrels per day, enough to take care of the domestic demand.

The figures for last November reveal a drop of 21,000 barrels per day due to the damage and interruptions caused by the eruption of Nevado del Ruiz. However, this is a temporary situation, according to ECOPETROL sources.

The first stage of the pipeline constructed by Mannesmann has a capacity of 90,000 barrels per day. The initial cost of the project was \$215 million. Its 18- and 20-inch pipes extend 300 kilometers. ECOPETROL financed 50 percent of the project and Occidental-Shell financed 50 percent, based on the Cravo Norte association contract.

ECOPETROL reported that, in compliance with that contract and keeping in mind the delivery of the pipeline, "a test period of partial production of the Cano Limon, La Yuca, and Matanegra fields began at an initial rate of 30,000 barrels per day."

The oil will be temporarily stored at the main facilities of these fields in order to accumulate the required volume to displace the water from the line.

The means of transportation (pipelines) of Chevron and ECOPETROL at Zulia station in Norte de Santander will be used temporarily to move the oil produced by those wells to refineries in Barrancabermeja and Cartagena.

According to ECOPETROL, the temporary production tests of the different wells in these three fields will help establish important parameters in order to define the optimal rates of exploitation for the different deposits through the development wells already drilled.

These rates must receive final approval from government authorities (Ministry of Mines and Energy) which are now studying their establishment and approval.

The Cano Limon project does not now include exports. This will only be added if the government makes that decision when the pipeline from Zulia to the port of Covenas is finished. This second project is 460 kilometers long with an initial cost of \$400 million. Execution of the project was awarded to a U.S. firm.

That second segment of the pipeline which would permit exports, possibly by the end of 1986, has been disputed by experts in the oil field. The National Congress is about to begin debate on it.

Oil industry sources stated yesterday that although they are making initial tests, it is a fact that Cano Limon has already begun producing oil and the country has regained its self-sufficiency in that field.

7717  
CSO: 3348/319

COLOMBIA

NATIONAL 1985 CENSUS PROJECTS 27.6 MILLION POPULATION

Bogota EL TIEMPO in Spanish 21 Dec 85 pp 1-A, 8-A

[Article by Gloria Vallejo]

[Text] Yesterday Mauricio Ferro, director of DANE [National Administrative Department of Statistics], reported that Colombia has 27.6 million inhabitants, according to the October census. He said: "There are not as many of us as the man on the street and even statistics experts assumed."

This figure was projected based on the results of the 96 percent officially calculated.

Neither is it true that there are 15 or 17 million people of voting age as was thought. Ferro Calvo said that the potential electorate barely reaches 13 million.

One of the basic reasons the population has not grown at the rate everyone assumed, using higher population statistics than they should, lies in the fact that the demographic rate went down from 3 percent between 1964 and 1973 to slightly more than 1.5 percent, according to the director of the DANE.

The results of the 1985 Census disappoint many men who still thought that there were almost 7.5 women for each man. According to the data presented by the director of DANE, there are 12,736,601 men and 13,184,860 women in Colombia, 49.1 percent and 50.9 percent respectively.

The census also showed that emigration from the country to the cities, especially toward the large capital cities, has gone down considerably. However, there has been an increase in intermediate cities and in the towns that surround large urban nuclei.

Ferro said that the question is: How much did factors related to the generation of employment and the cost of public services affect the fact that the people prefer to live in surrounding towns instead of living in Bogota, for example?

## 120 Municipalities Left

Ferro reported that of the 998 municipalities in the country, 120 have still not carried out the census and 26 must still organize the information. The census has been completed in 13 departments; 10 departments still have municipalities to survey.

The country has 30 municipalities with more than 100,000 inhabitants for a total of 13.7 million, 49.5 percent of the total population of Colombia. There are 64 municipalities with 50,000 inhabitants and 213 with only 20,000.

## Metropolitan Areas

The population of the metropolitan areas of Bogota--the city and annexed municipalities--is 3,967,988 or 14.3 percent of the total population of Colombia.

There are 2,068,892 people in Medellin and Valle de Aburra, 394,954 in Cali, and 1,067,151 in Barranquilla.

Ferro revealed that this is important because it indicates that Colombia is a country with several major urban centers unlike other countries where the capital contains a very high percentage of the population.

## Reality Was Different

The census showed that the rate of growth of the urban population was not as predicted. It went from 3 percent in the period between 1964 and 1973 to practically half, 1.5 percent per year.

Ferro considered this rate to be especially important since the predictions that had been made in studies for the construction of infrastructure as well as for the electrical sector and services were not based on reality.

He emphasized that it is already well known that the population of Bogota is barely 4 million inhabitants, not 6 million as those studies had indicated. He said: "In other words, the rate of investment in the infrastructure of public projects has to be seriously reconsidered."

He added that these data would seem to show why the population feels oppressed by the public service rates. It is "plainly and simply because a much lower number of people is paying for infrastructure for inflated population figures."

## Fewer Births

He also indicated that the drastic reduction in the growth rate is due to birth control efforts made in recent years.

He indicated: "The results imply an irreversible change in the mentality of the population, especially in the attitude of the women."

He presented a hypothesis that he felt can be confirmed when the final census data are delivered in the middle of 1986. In recent years the average age when women have their first child has risen noticeably. Also the number of children that they usually have has decreased.

#### Evolution of the Population

According to the censuses, the urban-rural population has evolved with a progressive migration from the country to the city. In the 1938 census, 30 percent of the population was urban and lived in the main cities and 70 percent was rural. Today, 72 percent lives in the main cities and only 28 percent in the country.

In 1951, the rural population equaled 42 percent and that of the cities, 58 percent. In 1964, 48 percent lived in the country and 52 percent in the urban areas. By 1973, 39 percent lived in the country and 61 percent in the city which means that the process of urbanization has been consolidated in recent years, according to Ferro.

The following is the preliminary list of the 1985 population census.

<u>Area</u>	<u>Population</u>
Antioquia	3,438,179
Medellin	1,473,351
Atlantico	1,406,545
Barranquilla	891,545
Bogota, D.E.	3,967,988
Bolivar	1,167,937
Cartagena	529,622
Boyaca	1,079,982
Tunja	93,159
Caldas	789,730
Manizales	299,656
Risaralda	19,538
Caqueta	169,159
Florencia	77,598
Cauca	669,609
Popayan	156,530
Cesar	584,152
Valledupar	196,984
Cordoba	828,424
Monteria	229,207
Cundinamarca	1,281,909
Choco	63,206
Quibdo	47,898
Huila	636,642
Neiva	193,101
Guajira	238,564
Riohacha	75,584
Magdalena	760,611

<u>Area</u>	<u>Population</u>
Santa Marta	215,540
Meta	303,036
Villavicencio	173,932
Narino	848,618
Pasto	244,559
Norte de Santander	871,966
Cucuta	378,282
Armenia	186,604
Risaralda	623,756
Pereira	286,743
Santander	1,427,110
Bucaramanga	350,210
Sucre	523,525
Sincelejo	133,911
Tolima	1,006,771
Ibagué	285,409
Valle	2,784,365
Cali	1,344,488
Casanare	1,737
San Andres	36,515
Providencia	3,325
Amazonas	13,210
Leticia	13,210
Guainía	3,311
Puerto Inírida	3,311
Guaviare	12,351
S. José del Guaviare	12,351
Vaupés	3,414
Mitu	3,414
Vichada	3,377
Puerto Carreño	3,377

7717

CSO: 3348/319

COLOMBIA

BRIEFS

FREEZE DAMAGES POTATOES, GRASSLANDS--The hardest freeze in the history of the Sabana de Bogota and Boyaca hurt more than 140,000 hectares of grasslands and destroyed 200,000 tons of potatoes yesterday, causing losses of 4 billion pesos. The freeze lasted 10 hours in some areas. The lowest temperature reached was 4 degrees below 0 Centigrade at 6 am on the outskirts of Madrid. However, Emigdio Collantes, assistant director in charge of meteorology at HIMAT [Colombian Institute of Hydrology, Meteorology, and Land Adaptation], explained to EL TIEMPO that the damage was not so much caused by the low temperature as by its long duration. The president of FEDEPAPA, Augusto del Valle, revealed that, of the 60,000 hectares planted in Cundinamarca and Boyaca during the second half of this year, about 6 percent which was in flower froze and another 15 percent was lost in low yield. Therefore, 200,000 tons of the 900,000 tons that were to be harvested in the first half of next year were lost. This meant a loss of 4 billion pesos since 1 kilo picked up at the farm costs 20 pesos. These losses must be added to the 120,000 tons worth 2 billion pesos destroyed by the November frosts in Nariño. This will probably mean that potato prices will rise next year. The government will give small farmers who were hurt most an extension of at least 3 years on their obligations, without payment of capital or interest during the first year. Jairo Hernando Arias, manager of ANALAC [National Association of Milk Producers], estimated that more than 140,000 hectares of Sabana grasslands were burned by the frost. He felt that the livestock sector had suffered very serious problems this year: the loss of hay from Armero, the heavy rains, foot and mouth disease, and now summer. He estimated that the accumulated losses due to these phenomena totaled 2 billion pesos so far. He explained that the livestock sector now had to make large investments in concentrated food and forage, oats, sorghum, and rice flour in order to feed the animals. [By Hector H. Trujillo] [Excerpts] [Bogota EL TIEMPO in Spanish 20 Dec 85 pp 1-A, 5-B] 7717

CSO: 3348/319

GUATEMALA

MINERAL TECHNOLOGY PACT SIGNED WITH PRC

Guatemala City PRENSA LIBRE in Spanish 19 Dec 85 p 14

[Text] The governments of Guatemala and the Republic of China yesterday signed a "mineral technology cooperation" agreement during a ceremony at the Foreign Relations Ministry.

Signing on behalf of the Chinese Government was the republic's ambassador, Dr I-Cheng Loh, while the government of Guatemala was represented by Foreign Relations Minister Fernando Andrade Diaz-Duran.

Also present were the deputy foreign minister, Gustavo Santizo Galvez; the deputy minister of energy and mines, Manuel Hiram Maza Castellanos; engineers Tsong-Tse Chang, Kuo-pang Tai and Chun-Tse Lin, and other officials from the Chinese Embassy.

An official from the Foreign Ministry first read the agreement, and then the respective documents were signed.

Mr Maza Castellanos gave a speech on behalf of Energy and Mines Minister Sigfrido Alejandro Contreras Molina. The deputy minister thanked the Government of the Republic of China for the support that it is providing to Guatemala's mining industry; it has, for example, donated \$70,000 worth of equipment that will be used in mining research.

Mining engineers Tsong-Tse Chang, Kuo-Pang Tai and Chun-Tse Lin have come to Guatemala under the agreement. They have been here since last September to conduct mining studies.

According to the Chinese Embassy, the technical mining mission that the Chinese Government has sent is made up of personnel who are highly skilled and experienced in the economic analysis and technical investigation of minerals.

The mission will be doing mining assessment and research work. It will also compile economic statistics to ascertain the nonmetal minerals that are most important to the country's economy.

The mission is also preparing a 5-10 year study on the feasibility of exploiting nonmetal minerals and offering assistance to prospect for diatomite and bentonite in Guatemala.

It will also pursue a general work program to assess the potential use of these minerals in industry, to analyze the quality of the deposits and to provide technical training to Guatemalans in all of the above areas.

The Republic of China has also donated laboratory equipment that the ministry's General Mining Bureau needs to process minerals and to conduct tests on metal and nonmetal minerals. The equipment is already in Guatemala and will be unveiled today by the Chinese ambassador, Dr I-Cheng Loh, and by Energy and Mines Minister Sigfrido Alejandro Contreras Molina.

8743  
CSO: 3248/151

GUATEMALA

#### CHURCH ASKS GOVERNMENT TO SEARCH FOR MISSING

Guatemala City PRENSA LIBRE in Spanish 12 Dec 85 p 5

[Text] "The Catholic Church will ask the new government to investigate the cases of the many Guatemalans who have been kidnapped or have disappeared in recent days," Monsignor Prospero Penados del Barrio, the archbishop of Guatemala, stated yesterday at a press conference in the archbishop's residence.

He also said that a "democratic atmosphere is beginning to be felt in the country, and this is encouraging; this is what the people have been hoping for for a long time."

"What people want is peace and justice, an end to the persecution of citizens, kidnappings and disappearances."

As far as the Mutual Support Group (GAM) is concerned, the archbishop stated that "the Church has to be on the side of the needy even if they use violence."

"For example, they violently occupied the cathedral, stealing the keys from the parish house, which was really not necessary. In addition, I have seen a news report indicating that they are receiving instructions from groups in the United States that are pursuing not altogether clear aims."

"Other groups from Europe," he went on to say, "invited me there to discuss human rights in Guatemala with them. The trips were completely paid for, but I declined because I realized that their goals were very self-interested, especially now that there is a democratic, popularly elected government here."

#### The Church's Stance and the New Government

With regard to the Church's stand towards the new government that will take office in January, the archbishop of Guatemala said that it would remain the same. In other words, when it sees something good, it will applaud, but if "it sees unjust actions that are harmful to the people, it will have to condemn them."

"The Church always has to be on the side of the neediest, in accordance with Christian doctrine."

Be clarified that "it is not true that the Church has campaigned for the Christian Democrats."

"I do not know Vinicio Cerezo; I have never dealt with him personally. I can also say that I have never seen Vinicio at mass. I think that his victory stemmed from the specific, positive proposals that he offered to Guatemalan society, which needed a change."

With regard to the missing, Archbishop Penados reiterated that at the proper time he would ask the government to administer justice, to search for the missing or the kidnapped. Even though other governments were responsible, the new president must lend his ear and administer justice.

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CSO: 3248/148

GUATEMALA

MLN DENIES CHARGES OF TIES WITH ESA

Guatemala City PRENSA LIBRE in Spanish 18 Dec 85 p 6

[Text] "I denounce the attempt to link the National Liberation Movement (MLN) with the underground rightwing group known as the Secret Anticommunist Army (ESA), in whose name pamphlets are being circulated threatening Nicaraguan President Daniel Ortega when he comes here," Dr Hector Aragon Quinonez, the MLN's secretary general, said yesterday.

"We have never approved of rightwing terrorist groups. We have shown so over the 12 years that I have belonged to the MLN. The party has evolved, and this January the changes in it will be made public.

"The MLN has been the victim of underground groups, inasmuch as in each congressional session since 1964 we have lost some of our legislators, such as Oliverio Castaneda, Bernal Hernandez, Jorge Torres Ocampo and Santos Hernandez in the Constitutional Congress.

"We in the MLN have been victims and we want the authorities to conduct an investigation into the ESA and to take its members into custody.

"These groups must have links with previous groups, because nothing has ever been found out about any of our leaders who were kidnap victims or whose blood was shed."

With regard to Daniel Ortega, he said that there is a cancer in Nicaragua. He does not care for the government there, but if the new president has invited him, it must be part of his foreign policy.

"All guests must be accorded due protection, because Guatemala needs to improve its international image through actions. The next government must provide security for our people and especially for guests. I don't think that he's going to have any problem in our country. If they have invited him, we have to respect the new authorities. Afterwards we will voice criticism and engage in constructive opposition."

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CSO: 3248/151

GUATEMALA

BRIEFS

CARPIO DENIES PARTY STRIFE--"There is no battle between Jorge Carpio Nicolle and me for the post of secretary general of the National Center Union [UCN]," Ramiro de Leon Carpio, the secretary general of the UCN, stated yesterday. He said that the report in another news medium about a "battle" is untrue, calling it speculation designed to damage the party and tarnish its image. "We are solidly united behind Jorge Carpio now," he indicated. "He is currently the chairman of the UCN Political Council, and under the party's bylaws he is the party's president and I am its secretary general. The UCN is consolidating in the wake of the elections on the 8th of this month. We will soon meet with all the leadership bodies, with our legislators elect, etc, to reorganize and, in particular, to set up the Political Training Institute and take a series of steps to strengthen the UCN, which has strong support at the polls and is the country's second largest political force." [Text] [Guatemala City PRENSA LIBRE in Spanish 17 Dec 85 p 2] 8743

ARMY'S ROLE SPELLED OUT--"The army was not created to govern, but rather to safeguard the country's sovereignty," asserted Lt Col Leonel De Leon Guillen, the commander of the Presidential Guard, at the ceremony last Friday commemorating the 37th anniversary of the guard's founding. Officiating at the ceremony were the chief of state, Gen Oscar Humberto Mejia Victores; the assistant chief of state, Gen Rodolfo Lobos Zamora; the chief executive's chief of staff, Col Julio Cesar Ruano Herrera, and the commander of the chief of state's guard. In his speech De Leon Guillen said that he was convinced that all of the army's actions are based on love for Guatemala, on respect for its laws and on an effort to guarantee the country's institutional order, so that citizens can fulfill their ideal of living in a free, organized and orderly society. "We believe in democracy as a system and in political pluralism as the voice of the people. Proof of this was that we guaranteed that future governments would be the result of free, legitimate and authentic elections," he added. Attending the ceremony as special guests were members of the army high command, commanders of the military corps in the capital, government officials and accredited military attaches from friendly nations. [Text] [Guatemala City PRENSA LIBRE in Spanish 18 Dec 85 p 2] 8743

WOMEN'S VOTE UP SHARPLY--The involvement of women in the country's political life was strikingly obvious at yesterday's election, as Guatemalans democratically chose their future president and vice president. Many women of different ages could be seen walking through the streets towards their polling

places, some carrying bags of food because they thought that they would have to wait on line as in previous years. It used to be very rare to see women standing on line to vote; they did not become involved because they thought that voting was a duty for men only. Yesterday, however, women were strikingly involved in the selection of our future governmental authorities. Several women arrived at polling places carrying small children, with their husbands carrying another in some cases; we can thus gather that Guatemalan families were caught up in the spirit of this election. After casting their ballots voters took advantage of the many food stands that were set up near polling places. Several citizens commented yesterday that the election was marked by order and political maturity, which made it a true civic celebration. [Text] [Guatemala City PRENSA LIBRE in Spanish 9 Dec 85 p 12] 8743

SOLORZANO DENIES PSD-DCG ALLIANCE--"The fact that I accompanied the president elect on his trip through Central America does not mean that there is an alliance between the Democratic Socialist Party (PSD) and Christian Democracy," said Dr Mario Solarzano Martinez, the former PSD presidential candidate. "Vinicio Cerezo Arevalo invited me, and I can describe my opinion on the talks that he and the Central American presidents held as very positive because they reaffirmed that the willingness to dialogue is a decisive factor for peace in the region. Moreover," Dr Solarzano said, "the advantage of Mr Cerezo Arevalo's assertion that he would pursue a policy of neutrality is that it facilitates direct commercial dealings, with arrangements for direct or barter payments." The Socialist leader underscored that in general the trip was looked upon favorably by all sectors because it showed that Guatemalan politics is civilized, given that the president elect invited along the representative of the leftwing opposition, who will be pointing out the new administration's mistakes or applauding its moves if they help the people. [Text] [Guatemala City PRENSA LIBRE in Spanish 19 Dec 85 p 4] 8743

CSO: 3248/151

MEXICO

COLOMBIAN, CANADIAN DELEGATES ATTEND COMMUNIST CONGRESS

Mexico City PROCESO in Spanish No 472, 18 Nov 85 p 47

[*"Press Communique"* issued after Communist Party of Mexico (Marxist-Leninist) I Congress, November 1985; published earlier in Mexico City, PROCESO, No 471, of 11 Nov 85, p 4]

[Text] The Communist Party of Mexico (Marxist-Leninist) successfully held its First Congress somewhere in Mexico this past 1, 2 and 3 November.

In the militant presence of the Marxist-Leninist Communist parties of Colombia and Canada and amid numerous greetings from sister parties and Mexican revolutionary organizations, almost 100 Communist delegates from all over the country reaffirmed their commitment to struggle in an organized fashion for the overthrow of capitalism, the financial oligarchy and imperialist intervention and for the socialist revolution.

The preparations, work and results of this Communist Congress were marked by a profound revolutionary spirit of camaraderie, as exemplified, among other things, by the unanimous approval of the political report submitted by the Central Committee and of the political line documents (the Declaration of Principles, Program and Bylaws), as well as by the approval by acclamation of the outgoing Central Committee to head the newly elected leadership.

In this regard, the Communist Congress was a success not only for our country's Communists but for Communists throughout the world. The Congress thus reaffirmed the successes of the recent multilateral meeting of Marxist-Leninist parties last October in Quito, Ecuador and, at the same time, made an active commitment to work for the success of the Ninth International Camp of Anti-Imperialist and Antifascist Youth, which will be held in Nicaragua in July 1986.

In light of the worsening general crisis of the bourgeois system and the fiasco of the so-called "Mexican Left" (revisionists, opportunists and Social Democrats) and in view of the need to perform the urgent tasks of the national revolutionary movement, in keeping with the world revolutionary process, the triumph of the Marxist-Leninist Communist Congress highlights the importance of striving for a combative, unified and class-oriented May Day, on the occasion of the 100th anniversary of the heroism of the "Chicago Martyrs," and

the importance of strengthening the Communist Party of Mexico (Marxist-Leninist) as the party of the Mexican working class by boldly expanding its forces and enhancing its ability to lead the socialist revolution.

Revolutionarily, November 1985

First Congress of the Communist Party of Mexico (Marxist-Leninist)

8743

CSO: 3248/145

MEXICO

RELIGIOUS CENTER STUDY SURVEYS PROTESTANT, RELATED GROUPS

Mexico City EXCELSIOR in Spanish 14 Dec 85 pp 1-A, 13-A

[Article by R. Hernandez]

[Text] Matamoros, Tamaulipas, 13 Dec--The religious beliefs of Mexicans have expanded and diversified since late last century, when the first Protestant pastors arrived from the United States. Today, more than a half million persons belong to these congregations and practice their teachings.

The history, teachings and current presence of the Charismatic, Pentecostal, Puritan, Baptist, Congregational, Methodist, Disciples, Quaker, Lutheran, Nazarene and ecumenical sects were summarized by one of their representatives: the Center for Ecumenical Studies and Projects (CECOPE), which is run by Raul Macin.

The institutional status of these "churches" or sects, according to the Catholic Church, is reflected not only in the size of their congregations but also in their property, assets and centers, all of which have to do with education and philanthropy, according to Raul Macin's study.

They run colleges in the Federal District, Toluca, Morelos and in each of the northern border states; social centers, primary and boarding schools in the above states and in the central part of the country; hospitals such as De la Luz in Morelia, Michoacan and the Latin American Hospital in Puebla; camps, such as the one in the state of Morelos; farm schools in Huantepec, Mexico State; secondary schools, such as Juarez in Coyoacan, the Internacional in Guadalajara, and La Concordia in the Federal District.

The largest congregations, according to the study, are the Pentecostalists, who account for 70 percent of the country's Protestants. They have more than 100 churches and are the only sect that has missions in Central America.

Coordination

The second largest sect is the Presbyterians, who are active mainly in the southern part of the country. They and the Calvinists established the Synod of the Gulf, to which all of the congregations in the southern region belong

in an effort to better coordinate their activities, again according to the CECOPE study.

Their presence is especially noticeable in cities such as this one and all along the border, and they do regular work among Mexican Indians. Raul Macin says that as of 1974, for example, the Bible had been translated into more than 70 indigenous languages and that a million copies of the Spanish edition are printed every year.

Max Rojas, another member of CECOPE, asserts that the Protestant churches in Mexico are without exception conservative and U.S.-based. He notes, however, that individuals or groups that have become involved in social struggles have emerged within them.

Raul Macin, a former Baptist, says that certain extreme rightwing, anticommunist groups are active in these churches, such as the John Birch Society, the Student Crusade for Christ Alfa-Omega, the Intervarsity and Billy Graham Enterprises. All of them are active in Mexico.

He mentions that on the other side there are ecumenical groups comprising Presbyterians and Baptists who espouse the theology of liberation and advocate dialogue between Marxists and Christians.

According to the CECOPE study, the first Protestant congregations in Mexico were formed after independence by the officials and workers of foreign companies. Between 1850 and 1972 the incipient congregations received support from liberals, with whom they shared the goal of confronting the Catholic Church.

#### **"To Help Us out of the Darkness"**

Quoting the World Missionary Atlas of 1925, the study says that "in 1925, 19 Protestant sects crossed the Rio Grande to charitably help us out of the darkness of idolatry. It was the Baptists, however, who were first active here, in 1889, backed by the Southern Church of the United States."

This sect began its proselytizing in 1950. In 1963 the Mexican Baptist Convention was divided into 13 districts, and 55 of its 190 congregations were self-sustaining.

Among its missionaries' accomplishments are several schools, boarding schools and hospitals, including the Latin American Hospital in Puebla. For theological training it has two seminaries, one in Torreon and the other in Mexico City; the latter made a name for itself throughout Latin America when it said that a new liberating theology and a different type of pastoral were needed.

The study outlines the history of each of the Protestant sects in Mexico and their current presence. It says the following about the Presbyterians, who are the second largest group:

"They have 3 synods, 14 presbyteries, 170 organized congregations and countless preaching places. The sect is strongly established in the southern part of the country. It has more than 5,000 members in Tabasco alone and has 6,000 members among the cholos and tzetales (Chiapas).

"It has done considerable institutional work, with schools such as Juarez in Coyoacan and hospitals such as De la Luz in Morelia."

#### Pentecostals Number One

The main Protestant church in Mexico is the Pentecostal. "It has grown quickly in this country and all over Latin America, accounting for more than 70 percent of the Protestants in Mexico and operating more than 100 churches. Enthusiastic proselytizers have had much success among the lower-income classes."

Although their roots are also in the United States, many of the Pentecostal churches are Mexican. For example, the Assemblies of God have doctrines similar to those of the Catholic Church, but their form of governance is different. They have 300 pastors who have been ordained at biblical institutes and more than 600 extremely moralistic congregations. They are widespread in Sonora, Sinaloa, Tamaulipas, Nuevo Leon, Chihuahua and the Federal District.

In all, there are 12 major Protestant churches in Mexico, but the number of small churches is on the rise, the CECOPe study says. Max Rojas notes in the study that these churches are still a minority in the country and that there are other, even smaller progressive minorities within them. The conservative sects from the United States predominate, however, and coincidentally they are active in cities that are important to the country's economy. In 1985 the Protestant churches or sects continue to worry the Catholic Church hierarchy and perhaps to transform the lifestyles of thousands of Mexicans.

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CSO: 3248/145

MEXICO

MEXICO CITY METROPOLITAN AREA COST OF LIVING RAW DATA

Survey of Vegetables

Mexico City EL DIA (METROPOLI supplement) in Spanish 9 Oct 85 p 9

[Text] The cost of green vegetables shot up 50 percent in the public markets on the outskirts of the Federal District, met with protests and general annoyance on the part of housewives and consumers.

The prices cited below were discovered by the reporter in the NZT [Naucalpan-Zaragoza-Tlalnepantla] zone; but according to merchants and tenants, the rates have spread to all the municipalities in Valle de Mexico.

A kilogram of tomatoes rose in price from 100 to 200 pesos; white potatoes cost 90, and yellow potatoes, 100; poblano chile rose in price to 250; serrano chile is priced at 400; onions with stalks are sold for 80; and those with large bulbs, for 50.

Prickly pear leaves cost 100 pesos for four; garlic fluctuates between 80 and 150 pesos, depending on the piece.

Cauliflower, depending on the piece, costs from 200 to 500 pesos; radishes range from 80 to 100 pesos a bunch; carrots cost 120 pesos per kilogram, etc.

The housewives expressed their indignation because of their inability to find brown sugar anywhere, not even in the CONASUPO shops, establishments and supermarkets, much less in the large commercial stores, such as Aurrera, Mexican Commercial, White, Giant, Sumesa, Suburbia, De Todo, El Sardinero, and others in Naucalpan, Tlalnepantla, Coacalco, Tuititlan, Atizapan, Nezahualcoyotl, Ecatepec, Nicolas Romero, etc.

Water, 80-100 Pesos

Mexico City EL DIA (METROPOLI supplement) in Spanish 22 Oct 85 p 9

[Text] With the obvious complicity of certain municipal officials, dozens of owners of water tank trucks and smallscale water vendors are becoming rich by speculating with the drinking water being sold at between 80 and 100 pesos a 200-liter barrel in colonias [urban communities] and subdivisions of the eastern zone of the town, including areas in the northern section of Ciudad

Nezahualcoyotl. This assertion was made by Celso Contreras Quevedo, state secretary general of the People's Revolutionary Movement (MRP).

He added that, in some communities, such as Jardines de Morelos, Jardines de Santa Clara, Santa Clara, Xalostoc, Tulpetlac, Guadalupe Victoria, San Isidro, Santo Tomas Chiconautla, and others, housewives are forced to pay up to 100 pesos for a 200-liter barrel, 50 pesos for a large jar, 25 pesos for an alcohol bottle full, and 15 pesos for a pail.

He said that, despite this, it is the only way in which the people residing in those communities can procure the liquid that they need to meet their most fundamental needs; because the majority of them are irregular settlements which, up until now, have lacked distribution systems, drainage, paving, and other public and urban services.

#### The Extracted Water Is From Municipal Wells

Celso Contreras Quevedo charges that the business is enormous for the water tank truck operators and smallscale water vendors, because they obtain the water from hydrants which are controlled by the heads of the cooperation councils of Santa Clara, San Pedro Xalostoc, Tulpetlac, Guadalupe Victoria, San Isidro, Santo Tomas Chiconautla, Ruiz Cortines, and Santa Maria Chiconautla.

#### Milk at 120 Pesos

Mexico City EL DIA (METROPOLI supplement) in Spanish 23 Oct 85 p 9

[Text] Cuautitlan, Mexico City, 22 October--Last week, the price of raw milk jumped to 120 pesos per liter, without anyone doing anything to prevent it. Its previous price was 100 pesos.

The producers from the Cuautitlan basin argued that the rise was due to the fact that there is no forage for feeding the cattle and the price of the balanced feed, for which the multinational firm Purina is responsible, has increased, making the maintenance of the livestock more expensive.

Mr Gabriel Suarez, owner of the La Palma farm, said that, in the northern settlements in Valle de Mexico, in addition to being in short supply, the product is expensive (120 pesos per liter); and in some shopping centers, bakeries, and authorized shops, its sale is being made subject to conditions. In other words, if the consumer does not buy other items, the milk is not sold to him.

As a result, housewives and consumers as a whole are requesting the intervention of the authorities in the Secretariat of Commerce and Industrial Development, in order to impose a rate on the dairy owners of Coacalco, Melchor Ocampo, Zumpango, Cuautitlan, Teoloyucan, Huehuetoca, Coyotepec, Tepotzotlan, Apasco, etc.

2909

CSO: 3248/139

PERU

APRA, IU DEPUTIES AGREE ON USSR FISHING OBLIGATION

Lima EL COMERCIO in Spanish 14 Dec 85 p A-3

[Text] The Soviets must pay the Peruvian treasury if it is verified that they have not paid income taxes, according to several APRA [American Popular Revolutionary Alliance] and IU [United Left] parliamentarians when asked about the accusation the PPC [Popular Christian Party] made in the Chamber of Deputies.

Several of those interviewed stated that they will vote in favor of the request presented by the PPC bench. Among other things, it asks the Ministry of Economy and Finance to have the General Tax Directorate inform the Chamber of Deputies about the fulfillment of all tax obligations by the Soviet fishing enterprises.

Representatives of both benches had harsh words for deputy Enrique Elias Laroza who made the accusation.

They said that it was untimely which made it look political.

There Is No Contingency; They Must Pay

APRA deputy Zozimo Vicuna Vidal said that if the debt exists, it must be collected. He pointed out emphatically: "There is no contingency; they must pay." He argued that, in any case, it will be necessary to open a careful investigation based on the PPC accusation.

He indicated: "However, I notice that deputy Elias Laroza did not worry about justice reigning in everything when he was minister of justice but he does now. I am happy, though, that people reconsider and then take the right road."

He also said that he will vote in favor of the request because "anything that is for the good of the country will always receive our support."

Necessary to Act Sovereignly

Leftist deputy Benza Pflucker said: "If that large debt really exists, Peru would have to act sovereignly."

He said that in such a case when the defense of the natural resources of the country is at stake, it is necessary to unite in a common cause. There must be a wide-ranging and careful investigation of the charges against the Soviet fishing fleet.

He indicated: "I emphasize that Peru must also take this sovereign position toward other foreign enterprises like Southern Peru, Occidental, etc. I don't believe deputy Elias Laroza would support that with equal enthusiasm."

#### Everything Owed Must Be Collected

Representative Hilda Urizar of the APRA bench emphatically pointed out that the General Tax Directorate must collect from everyone who owes taxes in every case and in every field, both natural and legal persons.

She added: "I notice that deputy Elias Laroza did not make this accusation when he was part of the Popular Action-PPC government, but does it now when he is in the opposition."

She added that, during one of his recent speeches in the Chamber of Deputies, Prime Minister Alva Castro clearly stated that if the crime that deputy Elias cites occurred, it will be investigated and anything owed will be promptly demanded.

#### Late Motion

IU deputy Manuel Dammert Ego Aguirre indicated that the motion presented and sustained by his colleague, Enrique Elias Laroza, "is very late and untimely."

He said that the appropriate committee of the Chamber of Deputies has already been working on that for some time and has even requested background and details from the General Tax Directorate. He argued: "That committee continues to receive information."

He also stated that more information has been requested from the Ministry of Fisheries to clear up the matter of debts of the Soviet fishing fleet. "This evolves from the Popular Action government since Percovich and Benavides were at the head of the Ministry of Fisheries then and signed these contracts with the Soviets."

He noted: "I feel, therefore, that the request is absolutely irrelevant. I hope that it is not a smoke screen to hide their own responsibilities."

#### Interesting Motion

PAP [Aprista Party of Peru] deputy Carrasco Tavara indicated: "In my opinion, it is an interesting motion that we should support since it involves not only national sovereignty, but the defense of our marine resources."

He indicated that the General Tax Directorate must immediately take the matter into its own hands. "We all have to take a hand in the matter because it interests all the people."

He also stated that anyone who owes taxes or tax obligations of any nature has the duty to pay. He ended: "We are working for the moralization of the country and, in that sense, we are the first to support this request."

#### Necessary to Study Accusation Well

Finally, Communist representative Gustavo Espinoza said that, in the first place, it is necessary to properly study the accusation made by the PPC.

He noted: "We cannot give opinions on a matter that is both technical and legal without properly immersing ourselves in it."

He had two reflections on the matter. First, he indicated, the Soviet Union has never signed any agreement at any time since 1917 with any country in the world that hurt a friendly country. It is not an imperialist country and does not need to live at the expense of other countries.

He added that the USSR has more than enough potential resources to keep its people happy and does not need the wealth of other countries.

He revealed: "That conduct has always been maintained under any circumstances. I don't think it has changed just to make deputy Elias right."

Secondly, he added, "this frequently occurs when it is discovered that someone has made a mistake. The perpetrators of the mistake never admit that the punishment that befalls them is the result of their own work. They always try to give their mistake a political context and propose a political explanation. This is obviously true in the case of Mr Elias who is trying to hide behind the tritest anticommunism."

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CSO: 3348/306

PERU

OUTGOING CENTRAL RESERVE BANK PRESIDENT OPTIMISTIC

Lima CARETAS in Spanish 9 Dec 85 pp 28-32

[Interview with Richard Webb, outgoing president of the BCR, by Roberto Quiroz and Alberto Bonilla; date and place not specified]

[Text] [Question] In general, the monetary policy of the previous government was restrictive while the policy of the current government is expansive with the idea of increasing demand and production. How have these two monetary policies been reconciled with the same president of the BCR [Central Reserve Bank]?

[Answer] The monetary policy of the last 2 or 3 years was relatively restrictive with two objectives in mind. One was to somewhat curb inflation which kept increasing, but the second objective, the most important, was to help defend reserves and adapt the balance of payments to the much more difficult situation that we began to experience in 1981. This has continued to deteriorate year after year. The monetary policy had to become more restrictive during the last 12 months due to the fact that, over and above the difficult foreign situation, a problem of mistrust and speculation was growing. This was caused by rampant inflation, our IMF creditors, and the upcoming change in government. For all these reasons, there was a speculative wave that we tried to curb with a restrictive monetary policy. I think we had some success because, although reserves were lost in the first months of this year, we reached a more or less stable level of reserves at the end of this period in July compared to previous years. The major part of the reserves were maintained.

[Question] Was that due to the restrictive monetary policy?

[Answer] Within a context of strong speculation, the economy cannot be revitalized by giving more credit because the public changes it into foreign currency or uses it to speculate in some other way. What was needed in the economic program was to establish the financial bases for a revitalization policy. I have pointed that out continually, especially since the end of 1983 and the beginning of 1984. If a revitalization program was to be started as was proposed at the beginning of 1984, it was first necessary to establish solid financial bases. One cannot build a brick building on mud walls and

that, more or less, was what was being planned to increase monetary expansion without making national currency attractive or stable enough.

[Question] Do you think that the situation is different now?

[Answer] I think that we now have a solid enough financial base for revitalization. Although we do not have everything, I think that it is going to be achieved. Things are stabilizing, inflation is going down. There are going to be interest rates that give incentive to national savings and discourage speculation and a rate of exchange that also discourages speculation because there is a higher parallel exchange that definitely discourages speculation. If this program is consolidated in the coming months with the drop in inflation, we are going to achieve that stable financial framework on which revitalization can be built. It is logical that in such a different situation, the monetary policy will also be different. The BCR has always hoped for a monetary policy that contributes to revitalization. This certainly happened in 1980 and 1981 but when the situation of the balance of payments and inflation began to deteriorate, it had to become more restrictive again. Now, fortunately, there is the possibility of returning to a monetary policy consistent with revitalization.

[Question] It seemed as if before there was a BCR fighting to maintain foreign reserves while in recent months it was more at home with this expansive policy....

[Answer] A restrictive monetary policy is never enjoyable. One always hopes that it can be avoided but that depends on all the policies. I think that the public needs to better understand this need for consistency. The monetary policy is not independent of other policies. If the fiscal policy or the exchange policy or the interest policy or other aspects of the policy are not disciplined and do not tend to maintain financial stability, the monetary policy is forced to do the work alone. In that situation, it becomes restrictive no matter what any board of any central bank would like.

[Question] Do you agree with the latest statements by President Garcia that the policy of the BCR had to be in keeping with the vote of the electorate? Doesn't this somehow subordinate the BCR to the Executive Branch?

[Answer] The policy of a central bank always has to be in keeping with the rest of the political situation. At the same time, it has to fulfill its function of limiting monetary expansion at a noninflationary level which helps defend foreign reserves. Being as consistent as possible with the economic plan of the government, the central bank, by law, has to fulfill those objectives. What the president says is true: the BCR cannot function with a different economic policy than the government. It is logical, therefore, that its board be changed every 5 years. It seems to me that this is sound. It is necessary to seek a reconciliation between this need to be consistent with the overall plan and with the mandate of the law.

[Question] Could you say that a light can already be glimpsed at the end of the tunnel? Do you repeat your optimistic profession of faith?

[Answer] Yes, yes. I think there is enough basis to be optimistic. It is a good program although there is still a need for financial discipline. There is no substitute. This freeze and the attack on the psychology of inflation were necessary and I think they are going to work, but they do not replace continued financial discipline. I think this government is fully aware of that and that is why I am so hopeful. I feel that awareness within the government and I think that this awareness is going to be maintained and the need for discipline respected.

[Question] What mechanisms can be implemented so that the freeze of the dollar does not hurt exports since their increase is a basic part of the revitalization plan?

[Answer] There is no mechanism that replaces the exchange rate except slightly. Preferential credit, the FENT, exoneration of some taxes, and some other fiscal mechanisms can favor the exporter. Using part of the foreign currency for parallel exchange on the financial market is another way that is already being used, giving the exporter a percentage of openly priced dollars that could increase.

[Question] What is the current proportion?

[Answer] For traditional exports, 5 percent, and for nontraditional exports, 20 percent. Those percentages could increase. However, there is a limit because the BCR needs to balance its accounts; there is not much margin to do that. All these benefits other than the exchange rate cost the state and, therefore, have a limit. They are ways to cushion or shade, but not replace the exchange rate.

[Question] Can't there be an intermediate situation between a freeze and a mini-devaluation?

[Answer] If there is no inflation, there is not going to be a problem with the exporter. If the curb on inflation is not complete, if prices continue to rise 2 or 3 percent per month, then it will eventually be necessary to devalue. I don't think there is any need to think about devaluation, at least for the next 6 months, and I would not discard the idea that it could be longer. I think we have the basis for a long period of exchange stability and I also think this is fundamental in order to play this game to curb inflation. This strategy is based on a freeze of major prices along with the exchange rate and monetary discipline. This game has to be played out and this requires more than 2 or 3 months. Fortunately, there is a good basis to sustain the exchange rate for a long time. Exchange parity is going well because at the beginning of the year we gained parity. In August there was more devaluation and an extra cushion was created. Inflation has gone down faster than many of us projected. Consequently, we have not had to spend all of August's cushion. It is true that exporters are now in a very difficult position and it is necessary to seek alternative mechanisms, not so much for the exchange rate but because it is an exceptionally difficult time for export prices.

[Question] The growth of foreign reserves has reached the level of 5 years ago. Is it just the result of the freeze of the dollar and the moratorium on the payment of the debt or is there some other reason?

[Answer] The conversion of certificates to soles does not risk anything because those dollars were already in the reserves and continue to be. The conversion improves what we call the exchange position of the bank but not the reserves. This increase in reserves is due to the purchases we have made in the financial market which already total \$270 million. It is also due to the fact that the public has stopped holding or taking away dollars as they were doing in the 12 months before the change in government. The lower debt payment is also helping as are the lower remittances in the last 2 months.

[Question] The interest rates are lower than the rate of inflation. The estimated inflation for 1986 is around 40 percent while the last reduction of savings rates was to 19 percent per year. Is domestic savings going to be defended with this difference?

[Answer] No one knows what the inflation rate will be. I don't believe in that figure of 40 percent and I don't think there should be projections or plans based on such high figures. We are in the process of curbing inflation. It is like a car going 100 kilometers per hour and suddenly coming to a red light. It is necessary to brake sharply. In the first half second, it is going 80 kilometers, 50 in the next half second, then 30, and finally 0. Perhaps it will not reach zero in this program but maybe it will come very close. There are technicians who work in banks or ministries who have talked about figures, but there is no official projection. Therefore, a budget has been presented that will exclude inflation since it is something that no one can project.

[Question] It is difficult to assume that inflation will be lower than 20 percent next year so the passive interest rates would be negative anyway.

[Answer] If inflation does not go down to between 1 and 2 percent per month, interest rates will have to rise to stay in line with inflation.

[Question] Would this be reviewed beginning in January 1986?

[Answer] I would give the program more time. It would not affect the major variables and certainly no prices would increase for some months. If it were my decision, I would maintain a complete freeze for a sufficiently long time.

[Question] Even beyond July?

[Answer] No, I am thinking now about the middle of next year; that is a good limit. Little by little concessions will have to be made to the difficulties that are arising for many sectors. However, I think that for the sake of the success of something so fundamental for the country, it would be necessary to prolong this freeze for a good, long time.

[Question] Despite the fact that there are already cases of shortages caused precisely by the freeze?

[Answer] I would exhaust every means to resolve the shortages one by one, looking for a way the state could resolve them. Sometimes it is a matter of modifying a product to use a national part instead of an imported one whose price has risen, things like that. Sometimes it is a matter of credit to help for a period, a preferential interest rate or a tax facility. There are ways to reduce the shortages.

[Question] Why would such a long freeze be justified?

[Answer] Because basically this program is trying to change the people's way of thinking, to get the idea out of their heads that inflation will go on forever. The people are skeptical. Time is a function of this because if one abandons the program quickly, the people would still have the idea that inflation is going to return and would begin to act privately based on that, protecting themselves, raising their prices or speculating.

[Question] What other mechanism would permit the savings or disbursements to go to the productive sector instead of to financial speculation?

[Answer] There is only one mechanism to reduce speculation or prevent it and that is confidence and the prevention of distortions in financial yields. It is necessary to pay the saver a real interest rate. All the rest are minor aids. Controls in the financial sector have a very limited and short-term impact. They can be used temporarily for support but their effect is minor and they do not function if confidence is lost. If there is confidence, they are not necessary. That is based on inflation going down, maintaining a good level of foreign reserves, and achieving some stability in the rules of the game for the economy.

[Question] What could you say about the budget that went from 52 billion to 37 billion? It is based on zero inflation and it will be readjusted quarterly.

[Answer] It seems logical to me and cautious to propose this now and not enter into speculative games, projecting an inflation that is impossible to project and getting the idea that something is concrete when it is not. Obviously, it is going to be necessary to adjust the budget based on inflation.

[Question] Have these quarterly readjustments been done anywhere else?

[Answer] I don't know but it does not matter because it is logical. It is not deflationary because if there is inflation, it would be necessary to adjust the budget to that higher level of wages and higher cost of projects. At the same time, that higher inflation would automatically generate more revenue and the budget would adapt without much problem. This permits more planning than in the past when one had an unrealistic idea and then it was necessary to correct that idea. It is better to know ahead of time that it is going to be necessary to adjust it and create a fluid mechanism for that readjustment. A readjustment every few months based on what is really happening seems to be the most sensible way of handling the budget.

[Question] As to expenses, how is the first emission in these first months of the APRA [American Popular Revolutionary Alliance] government going?

[Answer] For a year and a half BCR credit to the government has been zero. That situation continues. In that sense, the budget is going very well. The government is covering its expenses with its revenue. Enough equilibrium had already been achieved at the end of the previous government and the fiscal measures of this government have improved the fiscal situation and eliminated the cash deficit that the government suffered last year. It is a situation of equilibrium that I think can be maintained and that must be maintained to keep inflation from going up again.

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CSO: 3348/306

PERU

## CGTP LEADER DEPLORES DELAY IN LABOR STABILITY LAW PASSAGE

Lima EL NACIONAL in Spanish 13 Dec 85 p 16

[Interview with senator Valentin Pacho, secretary general of the CGTP; date and place not specified]

[Text] Senator Valentin Pacho, secretary general of the CGTP [General Confederation of Peruvian Workers], yesterday accused APRA [American Popular Revolutionary Alliance] of "using a double-barreled gun" in the debate on the labor stability bill in Parliament. At the same time, he did not eliminate the possibility that the workers will go on strike if the government passes a law contrary to their interests.

When interviewed by EL NACIONAL, the senator referred to the government's labor policy, concretely to the consequences for the workers and the union movement since the labor stability bill has not yet been approved. It is now bogged down in the Senate. This dialogue took place at the end of the regular legislative sessions for the current year. It is now almost impossible for this bill which has already been approved by an overwhelming majority in the Chamber of Deputies to be passed. The dialogue was as follows:

[Question] The labor stability bill has not yet been approved. Do you think there has been an attempt to frustrate or delay its debate?

[Answer] APRA is using a double-barreled gun. In the Chamber of Deputies, the APRA members showed that they were open to some proposals by the workers and the bill was approved. In the Senate, they take a position of treason and regression, giving in to pressures from the businessmen.

[Question] Could this double position be explained by the fact that the progressive wing of APRA is in the Chamber of Deputies and the more conservative sector in the Senate?

[Answer] That could be thought since the members in the Chamber of Deputies are younger than the members in the Senate, but I feel that APRA is acting as a party in this. The APRA members respond to directives from the parliamentary cell headed by the secretary general of the party, Armando Villanueva del Campo. I don't think the senators are shooting, but there is a two-faced position. APRA is not defining one position because the pressures

and threats from the businessmen have made it waver. This shows us that we cannot always trust in words, but in our own strength. Therefore, we are reinforcing our organic system.

[Question] Do you mean that the CGTP is revving up?

[Answer] We are preparing to respond to the critical situation that will occur in the coming months as we responded in the past to the regimes that attacked the working class. We are going to defend ourselves from provocations. We do not cause provocations; the businessmen and the government do.

[Question] But there is an ebb in the union movement now. Why?

[Answer] Perhaps the ebb is noted because the CGTP has not gone to battle as a union. However, our bases are fighting in the streets throughout the country.

[Question] What will happen if the present legislature does not pass the labor stability bill?

[Answer] The businessmen will continue making hay while the sun shines. In the 4 months since President Alan Garcia's inaugural speech, 50,000 to 60,000 workers have been dismissed. About 90 percent of them had not been working 3 years as stipulated in the existing Labor Stability Law. Even the state workers have not been spared from this avalanche. In Lima alone, 30,000 workers were dismissed. The bill must be passed retroactive to 28 July to stop this avalanche. Otherwise, the Labor Stability Law will be useless. There will be no one to protect.

Also the law must eliminate discrimination for the so-called "confidential workers," must maintain the Labor Administrative Code in the Ministry of Labor, and impose imprisonment of at least 6 months on businessmen who do not comply with the labor laws.

[Question] Don't you find anything positive in the labor policy under this administration so far?

[Answer] The labor policy has not changed with respect to the former regime. Dismissals of workers and violent police repression of protest demonstrations by workers who defend their rights continue. What is more, the government has mistakenly and premeditatedly tried to set the unionized sectors and the nonunionized sectors against each other. Fortunately, the shoe is on the other foot because all the workers have realized that this is not the right way. The nonunionized workers realize that the union movement has fought for them. We have not done this with speeches but in the streets and plazas.

[Question] Why didn't the CGTP accept the labor truce proposed by the government?

[Answer] We proposed conditions in order to talk because we could not accept an imposed truce. The truce would have to be based on an agreement.

[Question] Do you consider a social pact viable in this country?

[Answer] A social pact is impossible in Peru because the social and economic structures as well as the public offices remain intact. The Judicial Branch and the public administration in general where immorality, corruption, perks, and bribery predominate have not been touched yet.

What is more, the government does not offer any security or confidence of favoring the union movement. The businessmen continue with antilabor measures and fraudulent factory bankruptcies. They continue imposing their opinions and the government does not touch them. Under those conditions, there cannot be a social pact or agreement. In order to have a labor truce or social agreement, the CGTP proposes, first, the reinstatement of all workers who have been unjustly dismissed, nullity of the fraudulent factory bankruptcies, and an increase in wages and salaries. No one can buy anything with the small incomes we receive; we barely manage to survive.

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Part I

## MORALES BERMUDEZ TERMS BUDGET POLITICAL, NOT ECONOMIC

Lima EL NACIONAL in Spanish 14 Dec 85 p 3

[Text] The former president of the second phase of the military government held a press conference yesterday at the FDUN [National Unity Democratic Front] building in Miraflores. He was accompanied by sympathizers and members of that political organization.

Morales Bermudez defined his party's current position toward President Alan Garcia's government as "critical, democratic, and constructive opposition."

He said: "I am convinced that destructive democracy is not good for a weak and incipient democracy like Peru."

He added that the FDUN will make an analysis after the current government has been in office for 6 months.

However, he stated that this will not keep his party from issuing an immediate opinion on certain things that occur in the country and certain government decisions that he summarized as "a failure to carry out the good intentions that the current administration expresses in its overabundant speeches."

### Inrealistic Budget

For example, he disagreed with the way the current budget, about to be approved in Congress, has been drawn up. He said that it is based on unrealistic theoretical concepts starting with the assumption of zero inflation promoted by the government.

The budget with zero inflation must not only be used by public organizations to balance their expenditures for goods and services but to orient the national economy. Businessmen and industrialists also have to use it to state or restate their proposals.

He also rejected government projections about the reduction of inflation next year as it has been going down in recent months.

He explained that inflation is being calculated from a political point of view, not economic, because the recession continues and there is no increase in production to show that it has gone down.

#### Antisubversive Policy

Morales Bermudez also gave his opinion on the antisubversive struggle that is being fought. He said the government has good intentions but these are still not shaped into concrete actions.

Commenting on the trial of the former military junta in Argentina, he said that there was no justice in the courts of justice. He practically justified the way subversion was fought in that area by stating that democracy is being rebuilt in that southern country because terrorism disappeared.

The leader of the FDUN also criticized the police reorganization, pointing out that many members of the police force who had clean records have been unjustly dismissed.

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PERU

BRIEFS

BACKGROUND OF CENTRAL BANK PRESIDENT--Leonel Figueroa Ramirez, 42-year-old former deputy minister of finance of the MEF [Ministry of Economy and Finance], is the new president of the BCR [Central Reserve Bank], its second president since the 1979 Constitution. His term will last 5 years from the day he is sworn in. As is known, he will replace Richard Webb Duarte. A native of Trujillo, he went to a Peruvian secondary school and to the La Libertad National University. Later he studied economic development at the University of Texas. He returned to Peru, but then went to Chile for post-graduate studies in economics. In the 1960's, he joined the La Libertad Development Corporation and then the National Planning Institute. In 1976, ECLA (economic commission for Latin America and the Caribbean) asked him to do the annual economic analysis of Brazil where he lived until July of this year. During the follow-up on the Brazilian economy, Figueroa was in charge of the state business sector and the economic and financial aspects. He was summoned to Lima by Luis Alva Castro, president of the council of ministers and minister of economy. He became deputy minister of finance for the MEF and was in charge of the foreign debt committee and the General Directorate of Customs. His last task was to draw up the 1986 finance and debt bills. [Text] Lima EL COMERCIO in Spanish 16 Dec 85 p F-31 7/17

CENTRAL RESERVE BANK OFFICERS SWORN IN--The new president of the BCR, Leonel Figueroa Ramirez, was sworn in yesterday for a 5-year term as mandated by the Constitution. Figueroa Ramirez was sworn in yesterday afternoon by the interim president of the Supreme Court, Jose Aristides Montoya Rodriguez, in a ceremony held at the presidential office of the Palace of Justice. He replaced Richard Webb who resigned a few weeks ago after serving his 5-year term. Ministers, the president of the Joint Command, civilian and military authorities, and members of the Supreme Court and Superior Court were present at the ceremony. The other six members of the BCR board were also sworn in: Jorge Ordonez Ortiz, Juan Candela Gomez de la Torre, and Javier Cornejo Ramirez representing the Executive Branch; and Luis Giulfo Zender, Carlos Espinay Mimbelo, and Luis Felipe Rodriguez Vildosola representing the Senate. After being sworn in as president of the BCR, he told the press that the monetary and credit activity of the BCR will be in tune with the economic policy of the government. He stated: "This means that the definitions of the economic policy will guide and determine the main lines of the monetary policy." He explained that there will not be any sudden release in January simply because nothing has been dammed up by the economic policy of the

government. He stated that nothing has been dammed up because costs are being contained and, therefore, "price control has a basic support." He confirmed what the chief of state said in the sense that the official price of the dollar will not change in the next 6 months. He said that the possibility of unfreezing the small savings in dollars might be studied later. He said that foreign reserves have increased considerably and pointed out the success in controlling inflation "more than expected." [Text] [Lima EL COMERCIO in Spanish 18 Dec 85 p A-4] 7717

BUSINESS INCENTIVE FOR EMPLOYMENT--PETROPERU [State Petroleum Agency] will drill four prospecting wells for gas and oil in January of 1986, while also beginning construction on a cryogenic plant for the processing of natural gas into gasoline and liquefied gas. This announcement was made by the general manager of the state enterprise, engineer Carlos Lizier, who explained that the reserves of natural gas found in Aguaytia are estimated at the fabulous total of a billion cubic meters. He also announced that the ELECTROPERU [Peruvian State Electric Power Enterprise] Yarinacochas Power Plant and the Pucallpa Oil Refinery will use natural gas instead of liquid fuels, with a view to lowering costs. Later on, plans call for the use of natural gas at the mining centers in the central mountains, he said. Initial production at the cryogenic plant will be 341 barrels of gasoline and liquefied gas per day. This volume will be gradually increased to twice that figure, Lizier revealed. He went on to explain that many of the enterprises and industries in Pucallpa, such as sawmills, breweries and others, may adapt their installations for the use of natural gas instead of liquid fuels. This resource, he said, will guarantee the development of the central forest region in the short run. The exploitation of this resource, he went on to add, will be paralleled by the building of penetration roads to link the production fields with the main highways, thus opening up a suitable road network so that the settlers can establish themselves and transport their products to the storage centers. [Text] [Lima EL COMERCIO in Spanish 4 Dec 85 p A-4] 5157

NATURAL GAS CONVERSION PLANT--Certificates of tax rebate for employment (CERTEM) will provide enterprises which hire new workers with benefits up to a maximum of 40 percent of the value of the new payroll established, in accordance with Supreme Decree 035. Minister of Labor Carlos Blancas said yesterday, in explaining the scope of this document, which was announced a few days ago by President Alan Garcia, that the new payroll established by businessmen will be the supporting document for obtaining the right to this benefit. He said that the certificates of tax rebate will be delivered to enterprises quarterly. They may be used for the payment of tax obligations up to a maximum of 40 percent of value of the additional payroll. Also, those employers who take on new workers in accordance with the provisions of this decree will not be required to make contributions to the SENATI [National Service for Industrial Work Training] and the FONAVI [National Housing Fund]. Other supplementary benefits, such as the allocation of credit lines to enterprises requesting loans for labor capital from the state development and associated banks have been considered. On the other hand, Blancas said that Supreme Decree 036, which has been promulgated, provides administrative facilities for the establishment of new enterprises. He stated that statistical data indicate a substantial reduction in the number of strikes and man-hours lost, from 1,300,000 in August to 346,000 last November. [Text] [Lima EL COMERCIO in Spanish 8 Dec 85 p A-7] 5157

RICE CROP SUBSTITUTES SOUGHT--The president of the board of directors of the Agrarian Bank, Engineer Alfredo Garcia Llosa, has said that the technicians at that body and the farmers of Lambayeque must speedily find alternative crops to rice, in order to deal promptly with the shortage of water for irrigation being experienced in that department, one of the main producers of this grain. The credit program for Lambayeque called for the planting of 26,000 hectares to rice, but the decline in the available water has allowed the planting of only 3,000. On the national level, the Ministry of Agriculture has planned for the cultivation of 224,938 hectares. Garcia Losa attended the Third National Rice Producers Congress, which was held in the city of Chiclayo from 2 to 4 December. At this gathering, the producers voiced their great concern about the drop in the water volume in the Tinajones Dam, because of the prolonged drought in the northern mountain range, resulting in a situation in which the planting of rice on the planned area could not be carried out. The bank estimates that the rice-growing land could be used this season for alternative crops such as soybeans and others which require less water and which have shorter vegetation cycles. It is also possible to plant grain-bearing sorghum and corn in some zones. The president of the Agrarian Bank stated that the decision on the planting of substitute crops should be agreed upon by the producers, the technicians at the Ministry of Agriculture and the branch of the bank in Chiclayo, with a view to obtaining suitable financing. The Sectorial Planning Office of the Ministry of Agriculture recently confirmed that a period of intensive drought in the Andean Foothills in Cajamarca caused a considerable drop in the water volume in the Chotano and Conchano rivers, which feed the Tinajones Dam. This dam, with a capacity of almost 220 million cubic meters, is now storing only 15 million cubic meters. [Text] [Lima EL COMERCIO in Spanish 9 Dec 85 p A-13] 5157

23 NEW AMBASSADORS RATIFIED--The Senate will confirm 23 new ambassadors from Peru to 23 countries throughout the world, recently appointed by the government through the Ministry of Foreign Relations. These diplomats must be ratified before 15 December when the first regular legislative sessions end for this year, according to the Constitution. At the full morning session yesterday, the president of the Senate, Luis Alberto Sanchez, asked the Foreign Relations Committee to issue an opinion as soon as possible since there are only a few days left before this legislature closes. Verifying the reopening of relations between Peru and Cuba at the level of ambassador, the Senate needs to confirm the appointment of Carlos Higuera Ramos to head that embassy. Juan Jose Calle Calle was named ambassador to Spain while Alfonso Grados Bertorini will go to Argentina and Javier Ortiz de Zevallos Thorndike will go to Panama. Former senator Enrique Rivero Velez was named ambassador to Costa Rica and Roger Loayza Saavedra to the USSR. The other new ambassadors are as follows: Armando Lecaros de Cossio (Nicaragua), Jorge Vegas Mohrman (Honduras), Guillermo Nieto Heredia (Korea), Luis Macchiavello Amoros (Japan), Luis Solari Tudela (Italy), Alberto Montagne Vidal (El Salvador), Carlos Raffo Dasso (United Kingdom), Jose Urrutia Cerruti (Yugoslavia), Victor Fernandez Davila (Jamaica), Alfonso Rivero Montalve (Bolivia), Fernando Guillen Salas (India), Maria Salazar Castellanos (Poland), Miguel Barandiaran Barandiaran (Dominican Republic), Hugo Palma Valderrama (Brazil), Gonzalo Bedoya Delboy (Australia), Percy Murillo Garaycochea (Guatemala), and Guillermo Fernandez Cornejo (Israel). [Text] [Lima EL COMERCIO in Spanish 13 Dec 85 p A-4] 7717

VENEZUELA

COPEI'S INTERNAL STRUGGLE FOR PRESIDENTIAL NOMINATION VIEWED

Caracas EL UNIVERSAL in Spanish 2 Dec 85 p 1-14

[Text] The struggle to win internal and external positions has created a volcanic situation in the COPEI [Social Christian Party], one which may erupt so forcefully as to have a rather negative outcome for the main opposition party.

Some ill-informed persons might believe that it is solely the context for the presidential nomination which is causing trauma under the green awning. Certainly this is a very important factor, but there are other matters about which a bitter struggle is currently being waged. Some sectors are pushing Eduardo Fernandez toward a direct clash with the founding leader Rafael Caldera, not solely in order to see him as the standard bearer seeking the right to the seat in Miraflores, but so that he will leave his post as secretary general and they will thus have an opportunity to fill it.

Other factors are providing fuel for a campaign to replace Leonardo Ferrer as president of the Chamber of Deputies and Abdon Vivas Teran as head of the parliamentary bench. In this connection, an effort is being made to promote a confrontation between "the black man" and "the light-haired one," who seem well aware of the situation.

Rafael Caldera

In order to undertake a more or less objective analysis, it is necessary to consider first of all the contest for the presidential candidacy, which is the key question, since with four would-be candidates, only one seems to be clearly defined.

Rafael Caldera is keeping the party waiting, because to date he has left open every door which might lead to a path which could put him in Miraflores a second time. This is a real aspiration, and depends only on the results he obtains from the polls at the end of 1986, when the government of Jaime Lusinchi will be farther along.

Caldera is working intensively on the drafting of a new organic labor law, which he hopes will be approved in July of next year, when the law now in effect, which he himself drafted, will be 50 years old. This undertaking has

brought him into contact with all of the sectors of the country. When the new law is approved, he will have talked with business and trade union leaders, workers and, basically, the other opposition parties, with which he would like to establish a broad front to challenge the Democratic Action (AD) for power.

1986 looks likely to be very fruitful for the hopes of the founder of Christian democracy in Venezuela, since on 23 January the national constitution will have been in effect for a quarter of a century, and he will be the speaker of the day, as one of those who drafted it. In addition, the COPEI will commemorate the 40th anniversary of its founding, and Caldera will celebrate his 70th birthday. The veteran leader will make good use of all three events.

Do you feel young enough to continue in the political struggle? Reporters asked this question 2 days after a group of youth leaders at the Friendship Center urged him to run as a presidential candidate again. His answer was as follows:

"Obviously. I would say that there are three stages in youth. The first, that of official bodies, lasts up to the age of 35, a second, which lasts more or less until "middle age," while the third lasts as long as it lasts. I have asked myself how long it will last and I have realized that one is young as long as he can view the past without nostalgia and the future without anguish."

Caldera's candidacy is being sponsored by Godofredo Gonzalez, first of all, who hopes thereby to remain in the presidency of the COPEI, from which post Eduardo Fernandez tried to remove him, challenging him in addition on the drafting of the planks for the congress for the state of Aragua.

Aristides Beaujon has also joined Godofredo Gonzalez in sponsoring Caldera, because if Caldera becomes president, he might support Beaujon in the future for the nomination to which the middle generation aspires, and in the final analysis, for the presidency of the Senate.

#### Secretary General's Hopes

The secretary general is watching the development of events without having dared to make a decision, up to the present, out of loyalty to the founding leader. This attitude is doing harm in the party world, where he controls the apparatus, and in the peripheral sectors which want an immediate definition. Political observers believe that Fernandez should not lose this historic opportunity. In order to seize it, he should go openly into the streets, without taking into account the internal factors, including Calderas himself, with whom he could negotiate in the future. If Eduardo Fernandez makes this decision, he may find support in the orthodox Herrera Campins sector, and in other sectors of the COPEI opposed to reelection.

#### Gains for Pedro Pablo

The leader from Trujillo is the only one who has defined his intentions and is campaigning throughout the country. The objectivity and depth of his program

has given qualitative weight, but not quantitative, as the polls show. If he wins the nomination, he would have to make a great effort, because although he is one of the most serious politicians in the country, he does not have the charisma needed to advance his leadership.

Pedro Pueblo Aguilar wants to deal cautiously with Caldera, because if he is defeated, he would retain rather considerable internal strength, but if Eduardo defeats him for a second time, his political future would be threatened.

#### Oswaldo Alvarez Paz

Oswaldo Alvarez Paz wants to be the first presidential candidate of the 1958 generation, and he is using every means to block the path of Eduardo Fernandez. First of all he clashed openly with the secretary general, but he has now changed his strategy and announced his support for Rafael Caldera, seeking to bring him and Fernandez into confrontation.

The strategy being used by Alvarez Paz may fail if Caldera is the candidate, because he will encounter many hindrances in trying to win the nomination in 1993. These obstacles could include Eduardo Fernandez himself, Leonardo Ferrer, Hilarion Cardozo and a rival with whom he has accounts to settle--Abdon Vivas Teran, who was removed from the leadership of the JRC [COPEI Revolutionary Youth] and the national committee, to be replaced by Oswaldo Alvarez Paz. The clash between the two has been postponed, because Oswaldo does not want to create a second front for himself for the time being, and because "the light-haired one" is awaiting a favorable opportunity.

#### The Secretariat General

If Eduardo Fernandez wins the presidential nomination, it will be necessary to find a substitute for him in the secretariat general. According to administrative tradition, the position should go to Enrique Perez Olivares, deputy secretary general, and this is the belief of Fernandez himself. Others maintain that a special meeting of the national board should be called to elect a new secretary general. If this plan wins out, the competitors would be Jose Curiel, Abdon Vivas Teran, Valmore Acevedo Amaya, Leonardo Ferrer, Oswaldo Alvarez Paz and Edgar Flores, of the Pedro Pablo Aguilar faction.

#### The Parliamentary Bench

Some of those who aspire to this position are contemplating the possibility of getting Vivas Teran elected to the presidency of the Chamber of Deputies, not for his political advancement, but so as to have his post left free. These "hopefuls" are known to include Gustavo Tarre Briceno, Alejandro Rodriguez Cirimelle, Luis Enrique Oberto and Haydee Castillo.

#### The Chamber of Deputies

The candidates for this post could be classified in the A and B categories, because some have less potential than others, those in the B category are promoting someone in the A category, so as to have a greater potential in the

coming years, but in addition, they are encouraging a confrontation between Ferrer and Vivas Teran. Their strategy calls for supporting the candidacy of Rafael Caldera, so that he will give them his support, while at the same time they are trying to win the sympathy of Juan Jose Caldera. The possible candidates being discussed include Maria de Guzman, Luis Enrique Oberto, Rafael Leon Leon, Haydee Castillo and Alejandro Rodriguez Cirimelle, but Leonardo Ferrer is doing excellent parliamentary work.

This is the situation as it exists in the main opposition party. It is volcanic and could erupt, because while its leaders are involved in the internal struggle, the COPEI cannot regain the confidence of the electorate, or at least so the polls indicate. Political observers agree that the green party should instead commit itself to a reflective phase, engaging in self-criticism which would lead it to conclusions and strategies, since the path it is pursuing is too rough, and crowded with many obstacles which may prevent it from becoming a real alternative for the regime.

The serious thing is that the agenda for the holding of these days of reflection is being drafted, and it is already known that Alvarez Paz will challenge the party leadership. Pedro Pablo will ask for clear talk about the choice of candidate and other leaders are preparing their batteries to fire. If these developments materialize, the volcano will have erupted and the cracks which have already developed will widen.

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VENEZUELA

COPEI SECRETARY GENERAL ON AD INTERNAL ELECTIONS

Caracas EL DIARIO DE CARACAS in Spanish 4 Dec 85 p 20

[Text] Eduardo Fernandez, secretary general of the COPEI [Social Christian Party], proposed yesterday to the national committee, which met in a 12-hour session, that the national officers of that political organization be convoked to elect the presidential electoral commission in the first quarter of 1986. This will enable this body to take charge of sponsoring everything pertaining to the social Christian candidacy in the 1988 national elections.

Fernandez commented that it was not a question of moving this process forward, because in the past, at this point, after 2 years in the opposition, the COPEI had not chosen its standard bearer, but there have been indications that the public wants a definition by the COPEI in this connection within the context of a policy which will make the opposition to the present government cohesive.

Fernandez spoke at the last national committee meeting of 1985, in which former president Rafael Caldera participated. Former president Luis Herrera Campins, who had to attend a conference in Rome, was not present.

Apart from Fernandez, speakers at the analysis session yesterday included Senator Hilarion Cardozo, who set forth an analysis of the policy pursued by the organization on the basis of the strategy established by the expanded national committee at the end of 1984, and he discussed the indications of recovery seen from that time to the present.

Another speaker was Rafael Salvatierra, who spoke about the indicators in the recent polls, from which he derived four conclusions. 1) There is an increase in sympathy for the opposition sector, and within this increase, special preference for the COPEI. 2) Polarization is indicated, that is to say the surveys show that the trend toward polarization of the people is continuing. 3) Elections are serving the purposes of a plebiscite, since the voters punish those who fail to keep their electoral promises by the way they cast their ballots. 4) Alternation in power is a dogma, since the people continue to favor switching from the AD [Democratic Action] to the COPEI, without considering other alternatives.

Also, Pedro Pablo Aguilar spoke, calling for a political strategy which will deepen a consistent opposition line through the party commands.

### Views of Fernandez

During a recess in the lengthy meeting, the secretary general of the COPEI agreed to answer some questions from journalists, and the first had to do with his impression of the elections in the AD. He responded: "A violent aspect could be noted, as could the abusive interference by the government, from the president of the republic down to one lower-ranking official or another, as well as the waste of economic resources. But the truth is that the most impressive aspect was the abstention of the AD base levels.

This phenomenon reflects the discontent, since there is no determination to vote for an AD government even on the base levels of the AD, nor has any faction succeeded in moving that level to support the political program of former president Perez.

"Proportionally, more people participated in the COPEI election, without violence of any kind, and with direct quoting at the base. Also, there were no reports of any statutory violations. The election process in the AD resembled that in the era of General Medina, because the votes were on the fourth level."

Then Fernandez took the opportunity to explain that the post held by Leonardo Ferrer as president of the Chamber of Deputies is not an issue. He did so because of some newspaper articles reporting that Ferrer was leaving this post.

### Two Years of Government Failure

Fernandez said that today, 4 December, marks 2 years since the overwhelming triumph by the AD, but he noted that he did not see an atmosphere of celebration anywhere. "Perhaps," he said, "this is because 60 percent of the citizens of Venezuela believe that they are not living better, as the main promise which put the AD in power said they would be."

He noted that there is economic stagnation, while the government points to a few items available for 8 bolivares, which "can only be found in the popular dining rooms this government has created. And things are so bad that Volcker himself had to scold the investors about their strike, which serves to demonstrate that there is no confidence for investment, something the foreign visitor could see."

### Strengthening the Opposition

The meeting continued until 9 in the evening with speeches which shared one point in common--the strengthening of the line of opposition to the government in 1986. Today the secretary general of the COPEI will announce the conclusions reached during the political analysis sessions held all day yesterday by the national committee.

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VENEZUELA

COPEI LEADERSHIP AGREES TO INTENSIFY OPPOSITION IN 1986

Caracas EL UNIVERSAL in Spanish 5 Dec 85 p 1-12

[Article by Alirio Bolivar]

[Text] Despite the serious questions raised to date by the COPEI [Social Christian Party] about the opposition strategy, the secretary general, Dr Eduardo Fernandez, emerged from the review sessions held on Tuesday with a broadly endorsed image.

The COPEI members devoted more than 14 hours to self-criticism and establishing the opposition line to be followed in 1986.

All of the comments gathered by this journalist thus far indicate that the hours of catharsis, as some leaders termed it, developed without any clash, with only Gustavo Tarre Briceno and Douglas Dager being called to order by the secretary general, when the two set forth the need to define the party's presidential candidate as soon as possible. What is the source of friction? This question was posed by Eduardo Fernandez, but it should be noted that both Tarre and Dager are aligned with the Eduardo Fernandez faction.

Perhaps the most worrisome thing for the COPEI members was the analysis of the public opinion polls, because while these surveys do indeed indicate continuing deterioration for the government, they do not decisively favor the social Christians either. On the contrary, the COPEI is not growing. The indicators show that 70 percent of the people reject political parties, and this is a serious thing for the system. The Democratic Action (AD) has the preference of between 36 and 42 percent of the voters, and the COPEI that of between 14 and 16 percent. A slight drop for the government party can indeed be seen, but the prestige of President Lusinchi remains high.

In view of the situation noted, the national committee of the COPEI decided to reactivate the strategy commission, which is headed by Hilarion Cardozo and Rafael Salvatierra. The opposition line on national service, which will be expanded and deepened in 1986, because of the failure of the government and the attitude opposed to an agreement to overcome the crisis, was confirmed.

The need to deepen the opposition line was set forth by Oswaldo Alvarez Paz, Abdon Vivas Teran, Pedro Pablo Aguilar and Felipe Montilla, among others. The

opposition must be more active and farther-reaching, not only in the parliament but in the social sector as well, making even better use of the mass media and planned street actions, and working closely with the other political forces in the opposition.

The problem of inconsistency noted by political observers in the opposition strategy was also analyzed, and it was made clear that some leaders establish lines to defend their own interests rather than those of the collective. In this connection, it was decided that the opposition policies the COPEI should pursue will be determined by the national committee.

Was there any agreement on coordinating the efforts being made by former president Luis Herrera Campins with his shadow cabinets and the strategy of the national committee?

The national committee line does not preclude the right of former president Herrera and his former collaborators to defend their government work and to respond forcefully to the unjust attacks by the present administration, Eduardo Fernandez responded to this reporter's question.

Fernandez announced that a meeting will be held this weekend with the president, secretaries general and organization secretaries of the COPEI to inform them of the decisions of the national committee. He said that he will be in touch with Luis Herrera Campins when the latter returns to the country, to communicate this same information to him.

According to this COPEI leader, the effort we must all make to overcome the crisis is more important than the AD-COPEI clash.

He said that the surveys show that the majority of the citizens of Venezuela think things are going badly. They have lost faith in the political parties, and this makes it necessary for us to provide a response which cannot be rhetorical only. It is essential to show that the system is capable of resolving the problems of the country. One would wish that the government would correct its orientation, but the citizens of Venezuela should know that the alternative force working seriously to contribute to the solution of the problems, the social Christian secretary general added.

It was also learned that the COPEI decided to maintain its intention of taking up the subject of the presidential candidacy at the end of 1986. A meeting of the national officers will be scheduled for next March, and at that time the presidential electoral commission will be elected, but the precandidacy process will not be formally launched.

A broad analysis was undertaken of the subject of the presidential candidacy, because the COPEI will necessarily have to adapt its strategy to the decision made in this connection by the AD-government front. A split in the Democratic Action does not seem desirable, because bipartisanship, favors the main opposition party. It was stated that there is no reason to fear the possible candidacy of Carlos Andres Perez, because this would sustain polarization.

Another aspect the highest officials of the COPEI took up was a new series of problems created by those who hope to succeed Eduardo Fernandez as secretary general, if he wins the presidential candidacy. This has created great confusion at the base level and is preventing the implementation of consistent opposition. It was noted that there will be no internal elections of new authorities in the COPEI until 1989. Fernandez will continue in his post even if he is chosen as the COPEI standard bearer. "I will neither resign nor be forced out," he said to put an end to this polemic, paraphrasing Romulo Betancourt.

Nonetheless, the desire of Fernandez to be a candidate was questioned by some leaders, because it is hindering the development of a proper opposition policy.

In conclusion, it can be said that matters were not resolved within the COPEI on this occasion, because the moment is not right.

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VENEZUELA

HUMBERTO CELLI ON AD-GOVERNMENT RELATIONS, OTHER ISSUES

Caracas EL NACIONAL in Spanish 2 Dec 85 p D-2

[Interview with Humberto Celli, Democratic Action undersecretary general, by Alfredo Pena; date and place not given]

[Text] The relations between the party and the country represent a basic political problem in our democracy. The presidents have always wanted to have an obedient, submissive and passive party. The political leaders have always hoped to be the power behind the throne, imposing the policies he must carry out on the chief of state.

In theory, there should be no problems. It is presumed that the government, whatever it may be, will carry out the program the party presented during the electoral campaign. But in the majority of cases, these programs and these electoral promises are not carried out.

The party feels the pressure of the people in the streets and hears the protests about unfulfilled promises, and it is the party which must stand up on election day, when the time comes to task for an extension and a new term of office.

Very often the president, who during the campaign professed total unity with his party, decides to move away from it and govern with his friends or with leaders imposed by pressure groups. Then conflict between the party and the government develop. This is when the "government" and "opposition" factions emerge within a given party.

Humberto Celli, undersecretary general of the Democratic Action, talked with us about this and other aspects of our national political life.

[Question] The Democratic Action faction represented by Jaime Lusinchi and Manuel Penalver clearly enjoyed favor in the municipal elections in which your party engaged on 24 November. Some of the winners had said that they defeated the opposition, and that now the government will have a friendly party.

[Answer] In these elections, neither the prestige of the national leaders nor that of President Lusinchi was at stake. It is not correct to point to the national leaders, nor even the chief of state, as winners or losers because of

the results of this election. What happened here is a confirmation of the national leaderships, which in their overwhelming majority were endorsed by the vote on the base level. The members expressed their desire for the party and the government to act together, and to provide us with a good government. Regrettably, some national leaders committed the error of mixing in regional problems, and in those cases where their candidates did not win, they appeared to be defeated. Clashes developed precisely where these factors encourage them.

[Question] Why is it said that the government will have a friendly party now? Was this not the same party and the same leadership as put Lusinchi in power?

[Answer] I reject that term because the party has never ceased to be the friend of the president and his government. Once the process has ended and the convention has been held next 19 December, the party will not waste further effort in internal electoral struggles. The shocking statements which blurred the image of the Democratic Action as a government party will no longer be tolerated.

[Question] Minister Lepage said that there will now be a homogeneous CEN [National Executive Committee] which will ring premature candidacies under control.

[Answer] I do not know exactly what Comrade Lepage meant by these statements. The Democratic Action is a multiclass party in which each leader has influence, his image and his way of thinking. The decisive majority in the CEN will be confirmed, because above and beyond the differences in attitude and approach which may exist among us members, it is a homogeneous body. Perhaps in the heat of the internal electoral campaign, some comrades went so far as to give the impression that they were hoisting opposition banners.

[Question] Are you referring to Perez, Pinerua, Canache and Morales Bello?

[Answer] It is not in my interest to mention names. I only want to note that the fact of involvement in regional problems harms the image of one so involved. One may have sympathies, but care should be taken as to forms.

[Question] Many leaders, and not only those in the Perez faction, have become involved in the internal process.

[Answer] Yes, but some took care as to form while others did not. Therefore, those who came out publicly in favor of this or that candidate who lost now appear to be losers.

[Question] Don't such categorical statements as "we are winning the government posts" pose a danger to the necessary critical capacity a party must have, even if it is in the government?

[Answer] I do not believe that things shape up in this manner. With the exception of one or two sections where there have been serious clashes between the regional government and the party leadership, the comrades cannot claim that they have won because they are friends of the government. All of the

members of the AD [Democratic Action] are friends of the government. As of January, the party will not lose its critical capacity, but the observations or demands we must voice to the government will be done privately, within the party. We cannot provide a false image indicating that one sector is with the government while another is not. But we must engage in constant criticism. This is our duty. And just as the renewal of the party authorities have occurred, changes in the cabinet, autonomous institutes, state enterprises and government offices will have to occur. These changes must be made to facilitate party-government integration. But it should be made very clear that we must do our criticizing in the CEN meetings, and in the meetings we have with the president and his government team.

#### The Parties and the Country

[Question] Venezuela has major problems which must be discussed with the public, and not only in the private meetings of the party leadership. The AD trade union movement, the main support of the Lusinchi government, has criticized the economic policy of the regime, calling it inconsistent. The trade unionists have also urged cabinet changes.

[Answer] It is not so much the party trade union movement as our comrades in the CTV [Confederation of Venezuelan Workers].

[Question] Criticisms have been voiced by leaders of such stature as Antonio Rios and Juan Jose Delpino.

[Answer] Yes, but as spokesmen for the pluralist trade union movement represented in the CTV. Although great national problems are involved, they will not be resolved simply because the Democratic Action leaders set them forth publicly. The best party orthodoxy points to the need for internal analysis of these problems and their respective solutions.

[Question] Leandro Mora, Antonio Rios, Juan Jose Delpino and Gonzalo Barrios himself have suggested or specifically urged the need for cabinet changes. But nothing has happened.

[Answer] In my opinion, the internal electoral process has prevented the president from making a decision in this regard. The government did not want to provide any justification for the possible thought that it was in some way interfering in the choice of the authorities. For this reason I hope that once the internal process of renewing the party authorities has been completed, the president will undertake the analysis which will lead him to make changes on all levels. The fate of the party is inseparably linked with the fate of the government. Without close and harmonious cooperation, it will not be possible to overcome the difficulties. If we do not achieve this, we will fail, and then those who are thinking of the 1988 election will suffer a resounding defeat. They may become candidates but they will not win the presidency of the republic, because the people will make us pay at the polls for having failed after having given rise to such high hopes in the electoral campaign.

## The Electoral Colleges

[Question] What influence will the 24 November municipal elections have on the structure of the electoral colleges which will choose the candidate?

[Answer] All of the comrades who have been elected represent a decisive force when the time comes to establish the composition of the electoral colleges which will choose a candidate. This does not mean that the triumph of a given comrade on a section level will force the district or regional delegates to vote with him when he establishes his position, or gives his support to a candidate. But there is no doubt that the apparatus has shown his strength.

[Question] During the internal campaign, a week before the municipal elections, President Lusinchi repeated in Maracaibo that he had no pretensions to reelection.

[Answer] In these elections, the candidacy issue was not primarily at stake. What was at stake was the regional leadership of the party.

[Question] If the next convention produces a "homogeneous" CEN, as Lepage says, in which the anti-reelection faction represents 70 percent, and if that same percentage is consistent on all party levels, how could former president Perez be a candidate?

[Answer] I believe that the absolute nonreelection principle should be approved and applied, beginning with the president elected in 1988. The nonreelection thesis is supported by many people in the Democratic Action, a party which has never sponsored a candidate twice.

[Question] Are the results in the municipal elections a reflection of this thesis?

[Answer] Not necessarily, because reelection and the 1988 candidacy were not the subject of discussion.

[Question] Carlos Andres Perez is beginning a campaign for the candidacy, and Jaime Lusinchi is determined to block him.

[Answer] This is one assessment. Although there are external indications pointing in that direction, former president Perez has not said that he wants to be a candidate.

## An Unconditional Party?

[Question] If this "governing" majority directs the party in submissive fashion, it will give the "opposition" a good chance to think that a more critical attitude toward the regime is necessary. The government leaders and those who support them will suffer in the exercise of power.

And they will suffer the more if there are comrades who think that one must stand with the government on its good policies, while letting others defend it on the bad ones. AD orthodoxy teaches that when the party is in government,

all of us, without exception, must stand with it. When this rule has been violated, schisms have occurred. What would have happened to a comrade who dared to say, under the Romulo Betancourt, Raul Leoni or Carlos Andres Perez government: "This is not the government of the best men, but of the flatterers?" This never has happened and will not in the future.

[Question] The government too should pursue conduct in full agreement with its party.

[Answer] I have said that we hope that changes will be made in the government on all levels. This is so as to carry out fully what we promise during the electoral campaign. The regional party leaders know their regions very well, and for this reason I believe it desirable that they serve as governors and hold other command posts in the Venezuelan state. I have the impression that on the day the cabinet, under any of the Democratic Action presidents, is made up of a majority of national party leaders, we will be able to offer great government. The politicians must have available to them the best technical teams. There is no reason for them to be experts on any subject, but it must indeed be they who establish and implement the major strategies. I suspect that some of this is being planned now. I stress the importance of entrusting the regional and national government to the Democratic Action leaders.

#### Personnel Changes

[Question] Will this be a change in personnel and policy?

[Answer] I think that it will be a change in individuals, because I presume that the policies being developed are those included in the government program we presented to the electorate.

[Question] The economic policy is the key to the success or failure of a government.

[Answer] President Lusinchi has made a great effort to normalize the country economically. This government inherited the greatest financial disaster Venezuela has experienced in his history. The government has succeeded in reactivating important sectors of the economy, mainly agroindustry. The chaos was such that the amount of debt we have had to refinance was not even known.

[Question] Two years have passed, and 60 percent of the people say that they are worse off now.

[Answer] We have not achieved full reactivation, and there are serious problems in terms of unemployment. But apart from the reactivation of agroindustry, we see that small and average industry is beginning to move and to generate jobs. Unfortunately, we have thus far failed to reactivate construction, and this is because the businessmen are unwilling to risk anything. They are unaccustomed to doing so, and they want the state to do everything.

[Question] If the dimensions of the crisis were known, why did you promise full employment, wage and salary increases and a better life during the campaign?

[Answer] Both Lusinchi and Caldera waged a very serious and very cautious campaign where promises were concerned. But our calculations as to the magnitude of the crisis fell short. Many of the things we proposed proved too little in terms of the seriousness of the crisis. The government has had to reformulate some of the programs drafted during the campaign. We never thought that the debt could have reached such levels, and that corruption could have become so widespread.

[Question] You cannot continue with this same old story, pushing the blame for everything on the preceding government. The COPEI [Social Christian Party] did the same thing with the Perez government, and look at what happened to them. The people are ceasing to believe them.

[Answer] Even if they do not believe us, this is true. We say so now and we will continue to say so for 10 or 20 years more. The Luis Herrera regime destroyed the national economy. Obviously, this cannot serve as an excuse for us to fail to provide good government.

[Question] The people say not only that they are worse off now but that they can no longer tolerate the lack of security and crime. Unemployment is wreaking havoc.

[Answer] We are aware that we have adopted truly unpopular measures, but we had no other alternative. Beginning in January, there will be greater dynamism in the joint action by the party and the government. The country will see that recovery will be a reality, not only in agroindustry, but in all sectors of the economy as well. And we are seeing how advertisements of employment are beginning to appear in the newspapers. Our greatest efforts will be devoted to combatting unemployment.

[Question] Consumption has dropped alarmingly, from 30 to 40 percent, it is said.

[Answer] It is for this reason that we must attack unemployment. Our problem is precisely the generation of jobs. Wages and salaries will be increased by means of collective bargaining in those areas where reactivation is a reality. There can be no doubt that the purchasing power of the workers has dropped.

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VENEZUELA

POLL SHOWS AD LEADERS' SUPPORT FOR PEREZ CANDIDACY

Caracas EL UNIVERSAL in Spanish 22 Nov 85 p 1-12

[Text] A survey taken of 62 national leaders of the Democratic Action (AD), including 21 of its members, almost all of the trade union bureau, which has not yet held its election, and parliamentarians, revealed that 58 percent of those questioned support the presidential candidacy of Carlos Andres Perez, while 12.9 percent prefer Octavio Lepage.

This study, which has not yet been completed, is being carried out confidentially, and covers various aspects of the opinions held within this select government party group.

Of the 62 persons questioned, half publicly stated their precandidacy preferences, as follows:

Carlos Andres Perez	58%
Octavio Lepage	10%
Reinaldo Leandro Mora	10%
Manuel Penalver	6%
Luis Pinuerua Ordaz	6%
David Morales Bello	3%
Carlos Canache Mata	3%
Humberto Celli	3%

Of the 25 who said they were undecided, eight are considering Carlos Andres Perez, five Octavio Lepage, four Carlos Canache Mata, three Reinaldo Leandro Mora, two Manuel Penalver, two Luis Pinuerua Ordaz and one David Morales Bello. Nine of those questioned refused to mention any names.

The sample group was asked various questions, related both to their concept of the party and relations with the government. Of those questioned, 67 percent said that the government has not done enough to guarantee the well-being of the poor, 63 percent approved the increase in real wages, 74 percent expressed disapproval of the elimination of price controls, and 60 percent said that businessmen have received more favorable treatment by Dr Lusinchi's government.

The final conclusions of the survey are still being reviewed and analyzed. In addition, some results might vary in fact following the last plenary trade union session, at which the supporters of Carlos Andres Perez were excluded, barring one or two exceptions.

In another category, 58 percent voiced disapproval of the reduction in subsidies on basic consumer goods, while 64 percent said that the trade union demands should be limited in order to avoid the closing of enterprises.

Forty-four percent of those interviewed felt that the leaders must follow the party line on each occasion, under democratic leadership, and when there is no clear position within the party, meetings should be held to consult representatives of the base level, instead of adopting some strategic decision. On the other hand, 31 percent expressed the view that the leaders should have the authority to work to the benefit of the party, while adhering to its basic principles. Only 11 percent favor strong leaders with a vision of the future, because such are essential to the success of the party, and loyalty makes such men more valuable than any dogma.

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